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

FORM 10-K

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

(State or other jurisdiction of incorporation or organization)

1 Skyview Drive, Fort Worth, Texas 76155

(Address of principal executive offices, including zip code)

75-1825172

(I.R.S. Employer Identification No.)

(817) 963-1234

Registrant's telephone number, including area code

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

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

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

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

Commission file number 1-2691

American Airlines, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

1 Skyview Drive, Fort Worth, Texas 76155

(Address of principal executive offices, including zip code)

13-1502798

(I.R.S. Employer Identification No.)

(817) 963-1234

Registrant's telephone number, including area code

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically 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 the 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 check mark 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

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

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

As of February 12, 2021, there were 639,675,800 shares of American Airlines Group Inc. common stock outstanding. The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2020, was approximately \$6.6 billion.

As of February 12, 2021, there were 1,000 shares of American Airlines, Inc. common stock outstanding, all of which were held by American Airlines Group Inc.

OMISSION OF CERTAIN INFORMATION

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

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement related to American Airlines Group Inc.'s 2021 Annual Meeting of Stockholders, which proxy statement will be filed under the Securities Exchange Act of 1934 within 120 days of the end of American Airlines Group Inc.'s fiscal year ended December 31, 2020, are incorporated by reference into Part III of this Annual Report on Form 10-K.

American Airlines Group Inc.
American Airlines, Inc.
Form 10-K
Year Ended December 31, 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 Annual Report on Form 10-K to “we,” “us,” “our,” the “Company” and similar terms refer to AAG and its consolidated subsidiaries. “AMR” or “AMR Corporation” refers to the Company during the period of time prior to its emergence from Chapter 11 and its acquisition of US Airways Group, Inc. (US Airways Group) on December 9, 2013 (the Merger). References to US Airways Group and US Airways, Inc., a subsidiary of US Airways Group (US Airways), represent the entities during the period of time prior to the dissolution of those entities in connection with AAG’s internal corporate restructuring on December 30, 2015. 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 industry and other terms used in this report have been consolidated into a glossary beginning on page 20.

Note Concerning Forward-Looking Statements

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

Summary Risk Factors

Our business is subject to a number of risks and uncertainties 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. These risks are more fully described in Part I, Item 1A. Risk Factors These risks include, among others, the following:

Risks Related to our Business

- The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has and will continue to adversely impact our business, operating results, financial condition and liquidity.
- Downturns in economic conditions and related depressed demand for air travel could adversely affect our business.
- We will need to obtain sufficient financing or other capital to operate successfully.
- 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 pension and other postretirement benefit funding obligations, which may adversely affect our liquidity, results of operations and financial condition.
- The loss of key personnel upon whom we depend to operate our business or the inability to attract and develop additional qualified personnel could adversely affect our business.
- 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.
- 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.
- 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.
- Any negative publicity stemming from any public incident involving our company, our people, our brand or any of our regional, codeshare or joint business operators or any damage to our reputation or brand image could adversely affect our business or financial results.
- Our intellectual property rights, particularly our branding rights, are valuable, and any inability to protect them may adversely affect our business and financial results.
- Our ability to utilize our NOL Carryforwards may be limited.
- 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.

Risks Related to the Airline Industry

- The airline industry is intensely competitive and dynamic.
- The commercial relationships that we have with other airlines, including any related equity investment, may not produce the returns or results we expect.
- Our business is very dependent on the price and availability of aircraft fuel and 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 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.
- 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 may be adversely affected by conflicts overseas or terrorist attacks; the travel industry continues to face ongoing security concerns.
- We are subject to risks associated with climate change, including increased regulation of our CO₂ emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure.
- We depend on a limited number of suppliers for aircraft, aircraft engines and parts.
- 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.

PART I

ITEM 1. BUSINESS

Overview

American Airlines Group Inc. (AAG), a Delaware corporation, is a holding company and its principal, wholly-owned subsidiaries are American Airlines, Inc. (American), Envoy Aviation Group Inc. (Envoy), PSA Airlines, Inc. (PSA) and Piedmont Airlines, Inc. (Piedmont). AAG was formed in 1982 under the name AMR Corporation (AMR) as the parent company of American, which was founded in 1934.

AAG's and American's principal executive offices are located at 1 Skyview Drive, Fort Worth, Texas 76155 and their telephone number is 817-963-1234.

Airline Operations

Together with our wholly-owned regional airline subsidiaries and third-party regional carriers operating as American Eagle, our primary business activity is the operation of a major network air carrier, providing scheduled air transportation for passengers and cargo through our hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. and partner gateways, including in London, Madrid, Seattle/Tacoma, Sydney and Tokyo (among others).

Approximately 95 million passengers boarded our flights in 2020, a decrease from approximately 215 million passengers in 2019. During 2020, we experienced an unprecedented decline in the demand for air travel due to the impact of coronavirus (COVID-19). COVID-19 has been declared a global health pandemic by the World Health Organization and 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, testing regimes, closing of borders, "stay at home" orders and business closures. While the length and severity of the reduction in demand due to the COVID-19 pandemic is uncertain, our business, operations and financial condition in 2020 was severely impacted.

As of December 31, 2020, we operated 855 mainline aircraft supported by our regional airline subsidiaries and third-party regional carriers, which operated an additional 544 regional aircraft. See Part I, Item 2. Properties for further discussion on our mainline and regional aircraft and "*Regional*" below for further discussion on our regional operations.

American is a founding member of the **oneworld**[®] Alliance, which brings together a global network of 13 world-class member airlines and their affiliates, working together to provide a superior and seamless travel experience. See below for further discussion on the **oneworld** Alliance and other agreements with domestic and international airlines.

See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – "*2020 Financial Overview*," "*AAG's Results of Operations*" and "*American's Results of Operations*" for further discussion of AAG's and American's operating results and operating performance. Also, see Note 14 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 12 to American's Consolidated Financial Statements in Part II, Item 8B for information regarding operating segments and see Note 1(I) to each of AAG's and American's Consolidated Financial Statements in Part II, Items 8A and 8B, respectively, for passenger revenue by geographic region.

Regional

Our regional carriers provide scheduled air transportation under the brand name "American Eagle." The American Eagle carriers include our wholly-owned regional carriers Envoy, PSA and Piedmont, as well as third-party regional carriers including Republic Airways Inc. (Republic), SkyWest Airlines, Inc. (SkyWest), and Mesa Airlines, Inc. (Mesa). In addition, Compass Airlines, LLC operated regional jet aircraft for us during 2020; however, this arrangement ended in April 2020. Our regional carriers are an integral component of our operating network. We rely heavily on regional carriers to drive feeder traffic to our hubs from low-density markets that are not economical for us to serve with larger, mainline aircraft. In addition, regional carriers offer complementary service in many of our mainline markets. All American Eagle carriers use logos, service marks, aircraft paint schemes and uniforms similar to those of our mainline operations. In 2020, approximately 30 million passengers boarded our regional carriers' planes, approximately 48% of whom connected to or from our mainline flights, a decrease from approximately 59 million passengers in 2019, due to the effects of the COVID-19 pandemic.

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

Cargo

Our cargo division provides a wide range of freight and mail services, with facilities and interline connections available across the globe. In 2020, we expanded our cargo service and launched our first cargo-only flights since 1984 to transport critical goods, including the COVID-19 vaccine, between the U.S. and Europe, Asia and Latin America. We operated more than 5,200 cargo-only flights serving 41 destinations. These cargo-only flights have helped our customers move more than 167 million pounds of critical goods around the world amidst the COVID-19 pandemic.

Distribution and Marketing Agreements

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

In general, beyond nonstop city pairs, carriers that have the greatest ability to seamlessly connect passengers to and from markets have a competitive advantage. In some cases, however, foreign governments limit U.S. air carriers’ rights to transport passengers beyond designated gateway cities in foreign countries. In order to improve access to domestic and foreign markets, we have arrangements with other airlines including through the **oneworld** Alliance, other cooperation agreements, joint business agreements, and marketing relationships, as further discussed below.

Member of oneworld Alliance

American is a founding member of the **oneworld** Alliance, which currently includes British Airways, Cathay Pacific, Finnair, Iberia, Japan Airlines, Malaysia Airlines, Qantas Airways (Qantas), Qatar Airways, Royal Air Maroc, Royal Jordanian, S7 Airlines and SriLankan Airlines. Fiji Airways is a **oneworld** connect partner and Alaska Airlines is a **oneworld** member elect, expected to join the **oneworld** Alliance in 2021. The **oneworld** Alliance links the networks of member carriers and their respective affiliates to enhance customer service and provide smooth connections to the destinations served by the alliance, including linking the carriers’ loyalty programs and providing access to the carriers’ airport lounge facilities.

Cooperation and Joint Business Agreements

American has established a transatlantic joint business with British Airways, Aer Lingus, Iberia and Finnair, a transpacific joint business with Japan Airlines and a joint business relating to Australia and New Zealand with Qantas, each of which has been granted antitrust immunity. Joint business agreements enable the carriers involved to cooperate on flights between particular destinations and allow pooling and sharing of certain revenues and costs, enhanced loyalty program reciprocity and cooperation in other areas. American and its joint business partners received regulatory approval to enter into these cooperation agreements. Joint business agreements have become a common approach among major carriers to address key regulatory restrictions typically applicable to international airline service, including limitations on the foreign ownership of airlines and national laws prohibiting foreign airlines from carrying passengers beyond specific gateway cities. Our competitors, including Delta Air Lines and United Airlines, are party to similar arrangements.

The business relationship under the transatlantic joint business benefits from a grant of antitrust immunity from the U.S. 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 joint business. 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 in light of the uncertainty created by the COVID-19 pandemic. The CMA plans to complete its investigation before the interim measures expire. In December 2020, the DOT issued its final approval for the inclusion of Aer Lingus, which is owned by the parent company of British Airways and Iberia, into the transatlantic joint business and granted antitrust immunity.

Marketing Relationships

To improve access to each other's markets, various U.S. and foreign air carriers, including American, have established marketing agreements with other airlines. These marketing agreements generally provide enhanced customer choice by means of an expanded network with reciprocal loyalty program participation and joint sales cooperation. As of December 31, 2020, American had codeshare and/or loyalty program relationships with Aer Lingus, Air Tahiti Nui, Alaska Airlines, British Airways, Cape Air, Cathay Pacific, China Southern Airlines Company Limited (China Southern Airlines), EL AL Israel Airlines, Etihad Airways, Fiji Airways, Finnair, GOL, Gulf Air, Hawaiian Airlines, Iberia, Interjet Airlines, Japan Airlines, Jetstar Airways, Jetstar Japan, JetBlue Airways Corporation (JetBlue), Korean Air Lines, Malaysia Airlines, Qantas, Qatar Airways, Royal Air Maroc, Royal Jordanian, S7 Airlines, Seaborne Airlines, SriLankan Airlines and Vueling Airlines.

In 2020, we entered into an expanded marketing relationship with Alaska Airlines. This arrangement, once implemented, will expand our existing codeshare relationship, including codeshare on certain of our international routes from Seattle-Tacoma International Airport (SEA) and Los Angeles International Airport (LAX), and will provide for reciprocal loyalty program benefits and shared lounge access. Pursuant to federal law, American and Alaska Airlines submitted this proposed arrangement to the DOT for review. After the DOT allowed the review period to expire with no further actions, American and Alaska Airlines commenced implementation of this arrangement.

Also, in 2020, we announced our intention to enter into a marketing relationship with JetBlue. This arrangement, once implemented, will include an alliance agreement with reciprocal codesharing on domestic and international routes from New York (John F. Kennedy International Airport (JFK), La Guardia Airport (LGA), and Newark Liberty International Airport (EWR)) and Boston Logan International Airport (BOS), and will provide for reciprocal loyalty program benefits. The arrangement does not include JetBlue's future transatlantic flying. Pursuant to federal law, American and JetBlue submitted this proposed alliance arrangement to the DOT for review. After American, JetBlue and the DOT agreed to a series of commitments, the DOT terminated its review of the proposed alliance. The commitments include growth commitments to ensure capacity expansion, slot divestitures at JFK and at Ronald Reagan Washington National Airport (DCA) near Washington, D.C. and antitrust compliance measures. Beyond this agreement with the DOT, American and JetBlue will also be refraining from certain kinds of coordination on certain city pair markets. In addition to the DOT review, the U.S. Department of Justice (DOJ) and the New York Attorney General, the Massachusetts Attorney General, and the Attorneys General of certain other state and local jurisdictions are investigating this proposed alliance, which remains ongoing. American and JetBlue intend to cooperate with those investigations, but are proceeding with plans to implement this alliance.

Loyalty Program

Our loyalty program, AAdvantage[®], was established to develop passenger loyalty by offering awards to travelers for their continued patronage. AAdvantage was named Best Elite Program in the Americas for the ninth consecutive year at the 2020 Freddie Awards, which are annual awards that recognize the world's most outstanding frequent travel programs. AAdvantage members earn mileage credits by flying on American, any oneworld Alliance airline or other partner airlines. For every dollar spent by flying on American, members earn five mileage credits, but Gold, Platinum, Platinum Pro and Executive Platinum elite status holders earn additional bonus mileage credits of 40%, 60%, 80% and 120%, respectively. Members also earn mileage credits by using the services of over 1,000 program participants, such as the Citi and Barclaycard US co-branded credit cards, and certain hotels and car rental companies.

All travel on eligible tickets counts toward qualification for elite status in the AAdvantage program. Mileage credits can be redeemed for free or upgraded travel on American and participating airlines, membership to our Admirals Club[®] or for other non-flight awards from our program participants. Most travel awards are subject to capacity-controlled seating. A member's mileage credit generally does not expire as long as that member has any type of qualifying activity at least once every 18 months. In response to the COVID-19 pandemic, we suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets. Elite members can enjoy additional

benefits of the AAdvantage program, including complimentary upgrades, checked bags, and Preferred and Main Cabin Extra seats, as well as priority check-in, security, boarding and baggage delivery. We also made it easier for top-tier customers to earn AAdvantage elite status in 2020 and 2021 and extended 2020 AAdvantage status into early 2022 for all members.

Under our agreements with AAdvantage members and program partners, we reserve the right to change the terms of the AAdvantage program at any time and without notice, and may end the program with six months' notice. Program rules, partners, special offers, awards and requisite mileage levels for awards are subject to change.

During 2020, our members redeemed approximately 7 million awards, including travel redemptions for flights and upgrades on American and other air carriers, as well as redemption of car and hotel awards, club memberships and merchandise. Approximately 6% of our 2020 total revenue passenger miles flown were from award travel.

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

Industry Competition

Domestic

The markets in which we operate are highly competitive. On most of our domestic nonstop routes, we face competing service from other domestic airlines, including major network airlines, low-cost carriers and ultra-low-cost carriers such as Alaska Airlines, Allegiant Air, Delta Air Lines, Frontier Airlines, Hawaiian Airlines, JetBlue, Southwest Airlines, Spirit Airlines and United Airlines. Between cities that require a connection, where the major airlines compete via their respective hubs, competition is significant. In addition, we face competition on some of our connecting routes from airlines operating point-to-point service on such routes. We also compete with all-cargo and charter airlines and, particularly on shorter segments, ground and rail transportation.

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

In addition to price competition, airlines compete for market share by increasing the size of their route system and the number of markets they serve. The American Eagle regional carriers increase the number of markets we serve by flying to smaller markets and providing connections at our hubs. Many of our competitors also own or have agreements with regional airlines that provide similar services at their hubs and other locations. We also compete on the basis of scheduling (frequency and flight times), availability of nonstop flights, on-time performance, type of equipment, cabin configuration, amenities provided to passengers, loyalty programs, the automation of travel agent reservation systems, onboard products, health and safety and other services.

International

In addition to our extensive domestic service, we provide international service to Canada, Mexico, the Caribbean, Central and South America, Asia, Europe, Australia and New Zealand. In providing international air transportation, we compete with other U.S. airlines, foreign investor-owned airlines and foreign state-owned or state-affiliated airlines. Before the COVID-19 pandemic, competition had been 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 had been 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 was 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. We expect this to continue after the COVID-19 pandemic subsides. Competition had also been increasing from low-cost airlines executing international long-haul expansion strategies, a trend we also expect to continue after the COVID-19 pandemic subsides and the delivery of planned, long-range narrowbody aircraft commences.

In order to increase our ability to compete for international air transportation service, which is subject to extensive government regulation, U.S. and foreign carriers have entered into bilateral and multilateral marketing relationships, alliances, cooperation agreements and joint business agreements to exchange traffic among each other's flights and route networks. See "*Distribution and Marketing Agreements*" above for further discussion.

Our People

The airline business is labor intensive, and our team members are our most important asset. The operational complexity of our business requires a diverse team of personnel trained and experienced in a variety of technical areas such as flight operations, ground operations, safety and maintenance, customer service, and airline scheduling and planning. We believe that if we create an environment where our team members feel supported, they will take care of our customers and thereby support the success of our business. To do this, we must continue to build a diverse and inclusive environment, helping all team members reach their full potential and providing them with the right resources and support.

Talent Development

We give our team members the tools, training and resources they need to do their best work and stay true to our purpose – caring for people on life's journey. We have a suite of programs aimed at helping our people develop the skills and experience to succeed in their roles and build rewarding, long-term careers within our company. Additionally, we've partnered with leading online learning platforms to make professional development available on-demand to all our team members.

Diversity, Equity and Inclusion

Cultivating an environment that celebrates diversity, equity and inclusion (DEI) is a top priority for us, and we seek to create a workplace where diverse perspectives and experiences are welcomed and encouraged, where team members feel comfortable to be their authentic selves and where we are always learning from one another. In 2020, we:

- established the role of Chief Inclusion and Diversity Officer and created the DEI office within our talent function so that hiring and development is viewed through the lens of equity and inclusion;
- formed a team member experience organization to listen to the concerns of team members;
- launched an Executive Sponsorship Program whereby a group of 15 Black leaders have been paired with an executive leader for a year-long mentorship program; this program will be scaled to an expanded audience starting in late 2021;
- created an implicit bias training program delivered to approximately 105,000 team members;
- launched an external community council composed of executives and a cross-section of Black community leaders to provide feedback on our company initiatives; and
- formed a specialized customer relations team to listen to, resolve and learn from customer complaints of discrimination.

Our DEI goals include:

- diversifying our leadership team by establishing specific objectives and laying out a plan to achieve them, including by enhancing our recruiting, development and mentoring programs;
- providing additional learning opportunities beyond implicit bias to generate further education and awareness of diversity and inclusion matters; and
- pledging to assist Black youth in developing job skills and expanding access to well-paying careers as part of our overall strategy to increase opportunities in our hub cities and Tulsa, Oklahoma, where our largest maintenance facility is based.

Competitive Pay and Comprehensive Benefits

We offer competitive pay and comprehensive benefits that support the physical, emotional and financial well-being of our team members. We're committed to providing medical coverage that is both affordable and flexible along with health care navigation and support tools. Additionally, we launched a well-being program in 2020 to help team members and their families make lasting changes in four key areas: physical, emotional, financial and work.

Our internal recognition programs give team members and customers the opportunity to show their appreciation for a job well done. In 2019, our team members were recognized by customers, peers and company leaders more than 2.5 million times. Last year, we launched a new Nonstop Thanks program whereby team members award each other points for a job well done or as an expression of gratitude. Those points can be redeemed for items in an online catalog. Every quarter, hundreds of team members are nominated for the Chairman's Award, the highest honor that we bestow upon our team members.

Effects of the COVID-19 Pandemic

The COVID-19 pandemic has resulted in a severe decline in demand for our services. In 2020, we moved quickly to better align our costs with our reduced schedule. In addition to other cost reduction measures discussed below, we 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 and decreased our management and support staff team, including officers, by approximately 30%. In total, more than 20,000 team members opted for an early retirement or long-term partially paid leave.

Pursuant to the payroll support program (PSP1) established under the Coronavirus Aid, Relief, and Economic Security Act, as amended (the CARES Act), the U.S. Department of the Treasury (Treasury) provided us with an aggregate of \$6.0 billion of financial assistance in 2020. These funds were used to fund eligible salaries, wages and benefits of our team members. Due to the effects of the COVID-19 pandemic, we involuntarily furloughed certain team members starting October 1, 2020.

Pursuant to the payroll support program (PSP2) established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law), Treasury is to provide us financial assistance to be paid in installments expected to total at least \$3.0 billion in the aggregate, of which \$1.5 billion was received on January 15, 2021. Using these funds, we recalled the involuntarily furloughed team members covered by PSP2 and provided them with back pay to December 1, 2020. PSP2 includes restrictions on involuntary furloughs and reductions in employee pay rates and benefits through March 31, 2021.

On February 5, 2021, we informed approximately 13,000 U.S.-based team members of the possibility of a workforce reduction at their work location. We expect that any workforce reductions will take effect on or after April 1, 2021. In connection with this notification, we announced the reopening of the voluntary early out and long-term leave of absence programs for team members of certain represented workgroups. Eligible team members must opt in by February 26, 2021 for the early out program and March 12, 2021 for the voluntary leave program.

Our future success depends in large part on our ability to attract, develop and retain highly qualified management, technical and other personnel. For more discussion, see Part I, Item 1A. Risk Factors – *“The loss of key personnel upon whom we depend to operate our business or the inability to attract and develop additional qualified personnel could adversely affect our business.”*

Labor Relations

In 2020, salaries, wages and benefits were our largest expense and represented 45% of our total operating expenses. As of December 31, 2020, we had approximately 102,700 active full-time equivalent employees, approximately 84% of whom were represented by various labor unions responsible for negotiating the collective bargaining agreements (CBAs) governing their compensation and job duties, among other things.

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Labor relations in the air transportation industry are regulated under the Railway Labor Act (RLA), which vests in the National Mediation Board (NMB) certain functions with respect to disputes between airlines and labor unions relating to union representation and CBAs. When an RLA CBA becomes amendable, if either party to the agreement wishes to modify its terms, it must notify the other party in the manner prescribed under the RLA and as agreed by the parties. Under the RLA, the parties must meet for direct negotiations, and, if no agreement is reached 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, and the airline may resort to its own “self-help,” including the imposition of any or all of its proposed amendments to the CBA and the hiring of new employees to replace any striking workers.

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.

The following table shows our domestic airline employee groups that are represented by unions:

Union	Class or Craft	Employees ⁽¹⁾	Contract Amendable Date
Mainline:			
Allied Pilots Association (APA)	Pilots	13,400	2020
Association of Professional Flight Attendants (APFA)	Flight Attendants	24,550	2019
Airline Customer Service Employee Association – Communications Workers of America and International Brotherhood of Teamsters (CWA-IBT)	Passenger Service	13,500	2020
Transport Workers Union and International Association of Machinists & Aerospace Workers (TWU-IAM Association)	Mechanics and Related	12,300	2025
TWU-IAM Association	Fleet Service	16,600	2025
TWU-IAM Association	Stock Clerks	1,750	2025
TWU-IAM Association	Flight Simulator Engineers	140	2021
TWU-IAM Association	Maintenance Control Technicians	190	2025
TWU-IAM Association	Maintenance Training Instructors	50	2025
Professional Airline Flight Control Association (PAFCA)	Dispatchers	470	2021
Transport Workers Union (TWU)	Flight Crew Training Instructors	350	2021
Envoy:			
Air Line Pilots Associations (ALPA)	Pilots	2,150	2024
Association of Flight Attendants-CWA (AFA)	Flight Attendants	1,500	2020
TWU	Ground School Instructors	10	2023
TWU	Mechanics and Related	1,400	2020
TWU	Stock Clerks	140	2020
TWU	Fleet Service	3,800	2019
TWU	Dispatchers	70	2025
Communications Workers of America (CWA)	Passenger Service	4,850	2026

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Union	Class or Craft	Employees ⁽¹⁾	Contract Amendable Date
Piedmont:			
ALPA	Pilots	550	2024
AFA	Flight Attendants	350	2019
International Brotherhood of Teamsters (IBT)	Mechanics and Related	450	2021
IBT	Stock Clerks	60	2021
CWA	Fleet and Passenger Service	5,950	2023
IBT	Dispatchers	30	2019
ALPA	Flight Crew Training Instructors	30	2024
PSA:			
ALPA	Pilots	1,750	2023
AFA	Flight Attendants	1,150	2023
International Association of Machinists & Aerospace Workers (IAM)	Mechanics and Related	800	2022
TWU	Dispatchers	60	2022

(1) Represents approximate number of active employees as well as employees who opted for a voluntary partially paid leave as a result of the COVID-19 pandemic as of December 31, 2020.

Joint collective bargaining agreements (JCBA) have been reached with post-Merger employee groups, including a new five-year JCBA ratified on March 26, 2020 by the TWU-IAM Association, which represents the mechanics and related, fleet service, stock clerks, maintenance control technicians and maintenance training instructors. Additionally, the post-Merger JCBA covering our pilots and flight attendants are now amendable. JCBA covering passenger service employees and dispatchers are also amendable.

Among our wholly-owned regional subsidiaries, the Envoy flight attendants, Envoy mechanics and related, Envoy stock clerks, Envoy fleet service clerks, Piedmont flight attendants and Piedmont dispatchers have agreements that are now amendable and are engaged in traditional RLA negotiations.

For more discussion, see Part I, Item 1A. Risk Factors – “*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.*”

Aircraft Fuel

Our operations and financial results are materially affected by the availability and price of aircraft fuel, which represents one of the largest single cost items in our business. Based on our 2021 forecasted mainline and regional fuel consumption, we estimate that a one cent per gallon increase in the price of aircraft fuel would increase our 2021 annual fuel expense by \$38 million.

The following table shows annual aircraft fuel consumption and costs, including taxes, for our mainline and regional operations for 2020 and 2019 (gallons and aircraft fuel expense in millions).

Year	Gallons	Average Price per Gallon	Aircraft Fuel Expense	Percent of Total Operating Expenses
2020	2,297	\$1.48	\$3,402	12.3%
2019	4,537	2.07	9,395	22.0%

As of December 31, 2020, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. We do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, our future fuel needs remain unclear due to uncertainties regarding air travel demand and any hedging would potentially require significant capital or collateral to be placed at risk. 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 aircraft 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.

Aircraft fuel prices have in the past, and may in the future, experience substantial volatility. 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 or competing demand for fuel from other transport industries, such as maritime shipping, environmental concerns and other unpredictable events may result in fuel supply shortages, distribution challenges, additional fuel price volatility and cost increases in the future. See Part I, Item 1A. Risk Factors – *“Our business is very dependent on the price and availability of aircraft fuel. Continued periods of high volatility in fuel costs, increased fuel prices or significant disruptions in the supply of aircraft fuel could have a significant negative impact on consumer demand, our operating results and liquidity.”*

Seasonality and Other Factors

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

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, and affected the traditional seasonal trends of the airline business. Measures ranging from travel restrictions, including testing regimes, “stay at home” 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.

Domestic and Global Regulatory Landscape

General

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

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

The FAA similarly exercises safety oversight and regulates most operational matters of our business, including how we operate and maintain our aircraft. FAA requirements cover, among other things, required technology and necessary onboard equipment; systems, procedures and training necessary to ensure the continuous airworthiness of our fleet of aircraft; safety measures and equipment; crew scheduling limitations and experience requirements; and many other technical aspects of airline operations. Additionally, 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. In 2021, the FAA is expected to issue a number of rules that will impact us, including regulations mandating certain rest requirements for flight attendants.

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

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

Airport Access and Operations

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

Our ability to provide service can also be impaired at airports, such as Chicago O’Hare International Airport (ORD) and LAX where the airport gate and other facilities are 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.

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

Airline Fares, Taxes and User Fees

Airlines are permitted to establish their own domestic fares without governmental regulation. The DOT maintains authority over certain international fares, rates and charges, but only applies this authority on a limited basis. In addition, international fares and rates are sometimes subject to the jurisdiction of the governments of the foreign countries which we serve.

Airlines are obligated to collect a federal excise tax, commonly referred to as the “ticket tax,” on domestic and international air transportation, and to collect other taxes and charge other fees, such as foreign taxes, security fees and passenger facility charges. Although these taxes and fees are not our operating expenses, they represent an additional cost to our customers. These taxes and fees are subject to increase from time to time. The CARES Act provided for a temporary tax holiday from collecting and remitting certain government ticket taxes for tickets purchased between March 28, 2020 and December 31, 2020.

DOT Passenger Protection Rules

The DOT regulates airline interactions with passengers through the ticketing process, at the airport and on board the aircraft. Among other things, these regulations govern how our fares are displayed online, required customer disclosures, access by disabled passengers, handling of long onboard flight delays and reporting of mishandled bags. In 2021, the DOT is expected to implement a number of new regulations that will impact us, including disability rules for accessible lavatories and wheelchair assistance, and refunds for checked bag fees in the event of certain delays in delivery.

International

International air transportation is subject to extensive government regulation, including aviation agreements between the U.S. and other countries or governmental authorities, such as the EU and the United Kingdom. Moreover, our 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 130 trading partners, which allow unrestricted route authority access between the U.S. and the foreign markets. While the U.S. has worked to increase the number of countries with which open skies agreements are in effect, a number of markets important to us, including China, do not have open skies agreements.

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

Security

Since shortly after the events of September 11, 2001, substantially all aspects of civil aviation security in the U.S. or affecting U.S. carriers have been controlled or regulated by the federal government through the Transportation Security Administration (TSA). Requirements include flight deck security; carriage of federal air marshals at no charge; enhanced security screening of passengers, baggage, cargo, mail, employees and vendors; fingerprint-based background checks of all employees and vendor employees with access to secure areas of airports; and the provision of certain passenger data to the federal government and other international border security authorities, for security and immigration controls. Funding for the TSA is provided by a combination of air carrier fees, passenger fees and taxpayer funds. Customs and Border Protection, which, like the TSA, is part of the Department of Homeland Security, also promulgates requirements, performs services and collects fees that impact our provision of services. Additionally, we have at times found it necessary or desirable to make significant expenditures to comply with security-related requirements while seeking to reduce their impact on our customers, such as expenditures for automated security screening lines at airports. Our international service further requires us to comply with the civil aviation security regimes imposed at the foreign airports we serve.

Environmental Matters

Environmental Regulation

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

Revised underground storage tank regulations issued by the EPA in 2015 have affected certain airport fuel hydrant systems, with modifications of such systems needed in order to comply with applicable portions of the revised regulations. In addition, related to the EPA and state regulations pertaining to storm water management, several U.S. airport authorities are actively engaged in efforts to limit discharges of deicing fluid into the environment, often by requiring airlines to participate in the building or reconfiguring of airport deicing facilities.

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

We employ an environmental management system that provides a systematic approach for compliance with environmental regulations and management of a broad range of issues including air emissions, hazardous waste disposal, underground tanks, and aircraft water quality.

Aircraft Emissions and Climate Change Requirements

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. We have taken a number of actions that mitigate the GHG emitted by our operations both en route and on the ground, such as:

- retiring older, less fuel-efficient aircraft and replacing them with new, more fuel-efficient aircraft, resulting in the youngest mainline fleet of any U.S. network carrier;
- reducing fuel consumption through operational initiatives such as single-engine taxi, optimal planned arrival fuel and our new flight planning system;
- entering into an agreement with a leading producer of renewable fuels to purchase nine million gallons of sustainable alternative aircraft fuel over three years;

- working with the FAA and vendors to facilitate efficient airspace procedures, which also reduces aircraft emissions;
- updating our fleet with lightweight interiors including seats and furnishings and replacing existing cargo containers with lighter weight versions;
- replacing older, inefficient ground support equipment with new, more fuel-efficient ground support equipment, including alternative-fuel and electric powered equipment;
- purchasing renewable electricity to reduce indirect emissions associated with the production of the power we consume; and
- obtaining certification of certain of our buildings to the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) standard.

In addition, American is subject to the requirements of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), an international, market-based emissions reduction program adopted by the International Civil Aviation Organization (ICAO) in 2016. CORSA is intended to achieve carbon-neutral growth in the international aviation sector from 2021 through 2035 by requiring airlines to compensate for the growth in carbon dioxide (CO₂) emissions, relative to a predetermined baseline, of a significant majority of international flights through the purchase of carbon offsets or the use of low-carbon fuels. For each year from 2021 through 2029, CORSA requires each airline to compensate for the rate of growth of the CO₂ emissions of the aviation sector as a whole as determined by ICAO. Starting in 2030, CORSA will require airlines to compensate for growth in CO₂ emissions using a formula determined by ICAO that will combine the growth in aviation sector emissions and the growth in the individual airline's emissions, with the proportion of the latter rising from at least 20 percent over the period 2030-2032 to at least 70 percent over the period 2033-2035.

ICAO originally defined the baseline as the average emissions from covered flights in 2019 and 2020. However, due to the impact of the pandemic on air travel, in June 2020 ICAO determined to remove 2020 from the baseline for the first few years of CORSA implementation (2021-2023). Accordingly, we do not expect to be required to purchase offset credits over that period, unless the recovery in demand for international travel is unexpectedly strong and exceeds that of 2019 in those years.

At this time, the costs of complying with our future obligations under CORSA are uncertain, primarily because of the difficulty in estimating the return of demand for international air travel in the recovery from the pandemic. There is also significant uncertainty with respect to the future supply and price of carbon offset credits and sustainable or lower carbon aircraft fuels that could allow us to reduce our emissions of CO₂. In addition, as described above, we will not directly control our CORSA compliance costs because our compliance obligations through 2029 are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth starting in 2030.

For more information on American's approach to environmental, social and governance issues, see our 2019-2020 Environmental, Social and Governance Report at aa.com/esg. None of the information or contents of our 2019-2020 Environmental, Social and Governance Report is incorporated into this Annual Report on Form 10-K.

Impact of Regulatory Requirements on Our Business

Regulatory requirements, including but not limited to those discussed above, affect operations and increase operating costs for the airline industry, including our airline subsidiaries, and future regulatory developments may continue to do the same in the future. See Part I, Item 1A. Risk Factors – *“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,” “If we are unable to obtain and maintain adequate facilities and infrastructure throughout our system and, at some airports, adequate slots, we may be unable to operate our existing flight schedule and to expand or change our route network in the future, which may have a material adverse impact on our operations,” “Our business is subject to extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages,” “The airline industry is heavily taxed,” “We are subject to many forms of environmental and noise regulation and may incur substantial costs as a result,” and “We are subject to risks associated with climate change, including increased regulation of our CO₂ emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure”* for additional information.

Available Information

Use of Websites to Disclose Information

Our website is located at www.aa.com. We have made and expect in the future to make public disclosures to investors and the general public of information regarding AAG and its subsidiaries by means of the investor relations section of our website as well as through the use of our social media sites, including Facebook and Twitter. In order to receive notifications regarding new postings to our website, investors are encouraged to enroll on our website to receive automatic email alerts (see <https://americanairlines.gcs-web.com/email-alerts>), “follow” American (@AmericanAir) on Twitter and “like” American on our Facebook page (www.facebook.com/AmericanAirlines). None of the information or contents of our website or social media postings is incorporated into this Annual Report on Form 10-K.

Availability of SEC Reports

A copy of this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports are available free of charge on our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

GLOSSARY OF TERMS

“103-12 Investment Trust” means the 103-12 investment entity into which our pension plan master trust invests plan assets and which facilitates investing the plan assets of more than one unrelated employer.

“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 Credit Facilities” means the 2013 Revolving Facility and 2013 Term Loan Facility provided for by the 2013 Credit Agreement.

“2013 Framework” means the criteria for internal control over financial reporting as set forth in the Internal Control – Internal Framework by the Committee of Sponsoring Organizations of the Treadway Commission.

“2013 Plan” means the AAG 2013 Incentive Award Plan.

“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 \$1.2 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” means the 35 aircraft financed by American under the 2019-1 Aircraft EETCs.

“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.

“2019-1 Engine EETCs” means the \$650 million in aggregate face amount of 2019-1 Engine 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% senior notes due in 2022 with an aggregate principal amount of \$750 million.

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

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

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

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“11.75% Senior Secured Notes Collateral” means the First Lien 11.75% Senior Secured Notes Collateral and the Second Lien 11.75% Senior Secured Notes Collateral.

“11.75% Senior Secured Notes Indenture” means the indenture, dated as of June 30, 2020, by and among American, AAG and Wilmington Trust, National Association, as trustee.

“11.75% Senior Secured Notes Trustee” means Wilmington Trust, National Association, as trustee with respect to the 11.75% Senior Secured Notes.

“AAdvantage” means the AAdvantage® frequent flyer program.

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

“ABO” means accumulated benefit obligation.

“AFA” means Association of Flight Attendants-CWA.

“ALPA” means Air Line Pilots Association.

“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).

“APA” means Allied Pilots Association.

“APFA” means Association of Professional Flight Attendants.

“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.

“Aviation Act” means subtitle VII of Title 49 of the United States Code, as amended.

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- “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 Aid, 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.
- “CO₂” 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 Wilmington Trust, National Association, as trustee with respect to the Convertible Notes.
- “CORSA” means the Carbon Offsetting and Reduction Scheme for International Aviation.
- “COVID-19” means coronavirus.
- “Credit Facilities” means, collectively, the 2013 Credit Facilities, 2014 Credit Facilities, April 2016 Credit Facilities and December 2016 Credit Facilities.
- “CWA” means Communications Workers of America.
- “CWA-IBT” means the Airline Employees Customer Service Association – Communications Workers of America and International Brotherhood of Teamsters.
- “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 the December 2016 Term Loan Facility provided for by the December 2016 Credit Agreement.

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- “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.
- “DOJ” means the U.S. Department of Justice.
- “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.
- “Eighth Amendment” means the Eighth Amendment entered into in January 2020 to the 2014 Credit Agreement.
- “Envoy” means Envoy Air Inc.
- “EPA” means the U.S. Environmental Protection Agency.
- “EPS” means earnings (loss) per common share.
- “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.
- “Ethics Standards” means AAG’s and American’s Standards of Business Conduct.
- “ETS” means EU Emissions Trading Scheme.
- “EU” means European Union.
- “EWR” means Newark Liberty International Airport.
- “Exchange Act” means Securities Exchange Act of 1934, as amended.
- “FAA” means Federal Aviation Administration.
- “First Lien 11.75% Senior Secured Notes Collateral” means 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 which are used to secure the 11.75% Senior Secured Notes on a first-lien basis.
- “GAAP” means generally accepted accounting principles in the U.S.
- “GDSs” means global distribution systems.
- “GHG” means greenhouse gas.
- “GSPC” means S&P 500 Index.
- “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.
- “IBT” means International Brotherhood of Teamsters.

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“ICAO” means International Civil Aviation Organization.

“IP Collateral” means 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 10.75% 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 PSP2 Agreement.

“JCBA” means joint collective bargaining agreement.

“JetBlue” means JetBlue Airways Corporation.

“JFK” means John F. Kennedy International Airport.

“LAWA” means the Los Angeles World Airports.

“LAX” means Los Angeles International Airport.

“LEED” means U.S. Green Building Council’s Leadership in Energy and Environmental Design.

“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 10.75% senior secured LGA/DCA 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.

“LTV” means loan to value ratio.

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

“marketing component” means, with respect to the AAdvantage program, the use of intellectual property, including the American brand and access to loyalty program member lists, which is the predominant element in the co-branded credit card agreements, as well as advertising.

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

“Mesa” means Mesa Airlines, Inc.

“New Lease Standard” means ASU 2016-02: Leases (Topic 842)

“New Retirement Standard” means ASU 2017-07: Compensation – Retirement Benefits.

“New Revenue Standard” means ASU 2014-09: Revenue from Contracts with Customers.

“NMB” means National Mediation Board.

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

“NOLs” means net operating losses.

“NYSE” means the New York Stock Exchange.

“NYTDC” means the New York Transportation Development Corporation.

“ORD” means Chicago O’Hare International Airport.

“OTAs” means online travel agents.

“PAFCA” means Professional Airline Flight Control Association.

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

“PCAOB” means the Public Company Accounting Oversight Board in the U.S.

“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.

“Proxy Statement” means American Airlines Group Inc.’s Proxy Statement for the 2021 Annual Meeting of Stockholders of American Airlines Group Inc.

“PRP” means potentially responsible party.

“PSA” means PSA Airlines, Inc.

“PSP1” means the payroll support program established under the CARES Act.

“PSP1 Agreement” means the Payroll Support Program Agreement entered into by the Subsidiaries with Treasury on the PSP1 Closing Date.

“PSP1 Closing Date” means April 20, 2020.

“PSP1 Financial Assistance” means the portion of financial assistance received from Treasury pursuant to the PSP1 Agreement that is not allocated to the PSP1 Warrants or PSP1 Promissory Note.

“PSP1 Maturity Date” means the tenth anniversary of the PSP1 Closing Date.

“PSP1 Promissory Note” means the promissory note issued to Treasury in connection with PSP1.

“PSP1 Warrant Agreement” means the agreement entered into between AAG and Treasury in connection with the PSP1 Agreement, pursuant to which AAG issued PSP1 Warrants to Treasury to purchase up to an aggregate of approximately 14.1 million shares of AAG common stock.

“PSP1 Warrant Shares” means up to approximately 14.1 million shares of AAG common stock which Treasury will have the right to purchase pursuant to PSP1 Warrants issued by AAG in accordance with the PSP1 Warrant Agreement.

“PSP1 Warrants” means the warrants issued or to be issued to Treasury pursuant to the PSP1 Warrant Agreement.

“PSP2” means the payroll support program established under the PSP Extension Law.

“PSP2 Agreement” means the Payroll Support Program Extension Agreement entered into by the Subsidiaries with Treasury on the PSP2 Closing Date.

“PSP2 Closing Date” means January 15, 2021.

“PSP2 Maturity Date” means the tenth anniversary of the PSP2 Closing Date.

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“PSP2 Promissory Note” means the promissory note issued to Treasury in connection with PSP2.

“PSP2 Warrant Agreement” means the agreement entered into between AAG and Treasury in connection with the PSP2 Agreement, pursuant to which AAG issued PSP2 Warrants to Treasury to purchase at least 5.7 million shares of AAG common stock.

“PSP2 Warrant Shares” means at least 5.7 million shares of AAG common stock which Treasury will have the right to purchase pursuant to PSP2 Warrants issued or to be issued by AAG in accordance with the PSP2 Warrant Agreement.

“PSP2 Warrants” means the warrants issued or to be issued to Treasury pursuant to the PSP2 Warrant Agreement.

“PSP Extension Law” means Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021.

“Rehabilitation Plan” means the rehabilitation plan adopted by the IAM Pension Fund on April 17, 2019.

“Republic” means Republic Airways Inc.

“Republic Holdings” means Republic Airways Holdings Inc., the parent company of Republic.

“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.

“RSUs” means restricted stock units.

“S&P” means Standard and Poor’s Financial Services, LLC.

“SEA” means Seattle-Tacoma International Airport.

“SEC” means Securities and Exchange Commission.

“Second Lien 11.75% Senior Secured Notes Collateral” means 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 which are used to secure the 11.75% Senior Secured Notes on a first-lien basis.

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

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

“SGRs” means slots, foreign gate leaseholds, and routine authorities.

“SkyWest” means SkyWest Airlines, Inc.

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

“SOFR” means the Secured Overnight Financing Rate.

“Subsidiaries” means American, Envoy, PSA and Piedmont, each a wholly-owned subsidiary of AAG.

“Superfund Act” means Comprehensive Environmental Response, Compensation and Liability Act.

“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.

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“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 Treasury 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.

“TSA” means Transportation Security Administration.

“TWU” means Transport Workers Union.

“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.

“XAL” means NYSE ARCA Airline Index.

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

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.

Risks Related to 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, including testing regimes, “stay at home” 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 retired 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 expense, airport facilities expense, salaries and benefits expense, and other volume-related expense reductions, including fuel). Nonetheless, we incurred significant negative operating cash flow in 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 any of the mitigating actions we have taken will suffice to sustain our business and operations through this pandemic.

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 and the PSP Extension Law. In 2020, we received approximately \$6.0 billion in financial assistance from Treasury through PSP1 established under the CARES Act. Pursuant to PSP2 established under the PSP Extension Law, Treasury is to provide us financial assistance to be paid in installments expected to total at least \$3.0 billion in the aggregate, of which \$1.5 billion was received in January 2021. In connection with the financial assistance we have received under PSP1 and PSP2, we are required to comply with certain provisions of the CARES Act and the PSP Extension Law, including the requirement that funds provided pursuant to PSP1 and PSP2 be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits; the requirement against involuntary furloughs and reductions in employee pay rates and benefits through March 31, 2021; the requirement to recall employees involuntarily terminated or furloughed after 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 at least March 31, 2022; and restrictions on the payment of certain executive compensation until October 1, 2022. Additionally, under PSP1 and PSP2, we and certain of our subsidiaries are subject to substantial and continuing reporting obligations. In addition, we have entered into the Treasury Loan Agreement and, as a result, the stock repurchase, dividend and executive compensation restrictions imposed by the Treasury Loan Agreement will remain in place through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid even if the restrictions imposed by PSP1 and PSP2 had previously lapsed. 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, 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.

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 the COVID-19 pandemic 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, the PSP Extension Law or the Treasury loan program, which could result in a material adverse effect on our business, operating results and financial condition.

The full extent of the ongoing impact of the COVID-19 pandemic 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 recurrence of the pandemic, and related travel advisories, restrictions and testing regimes; the impact of the COVID-19 pandemic 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 or after 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); the impact of COVID-19 on our employees' ability 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 "stay at home" health orders or similar restrictions; the impact of the COVID-19 pandemic 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-COVID-19 pandemic levels, if at all. Accordingly, we cannot predict the ultimate impact of the COVID-19 pandemic 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 December 31, 2020, our planned aggregate expenditures for aircraft purchase commitments and certain engines on a consolidated basis for calendar years 2021-2025 would be

approximately \$9.5 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 the COVID-19 pandemic. 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 the COVID-19 pandemic; 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 PSP1 and PSP2, we are required to comply with the relevant provisions of the CARES Act and the PSP Extension Law, including the requirement that funds provided pursuant to PSP1 and PSP2 be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits; the requirement against involuntary furloughs and reductions in employee pay rates and benefits through March 31, 2021; provisions prohibiting the repurchase of AAG common stock and the payment of common stock dividends through at least March 31, 2022; and restrictions on the payment of certain executive compensation until October 1, 2022. In addition, we have entered into the Treasury Loan Agreement and, as a result, the stock repurchase, dividend and executive compensation restrictions imposed by the Treasury Loan Agreement 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 PSP1 and PSP2, 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, the PSP Extension Law and any additional financings we may be required to undertake as a result of the impact of the COVID-19 pandemic, 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. The discontinuation date for submission and publication of rates for certain tenors of USD LIBOR (1-month, 3-month, 6-month, and 12-month) is currently under consultation by the ICE Benchmark Administration (the administrator of LIBOR) and may be extended until June 30, 2023. 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, has chosen the Secured Overnight Financing Rate (SOFR) as the recommended risk-free reference rate for the U.S. (calculated based on repurchase agreements backed by treasury securities), we cannot currently predict the extent to which 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 II, Item 7A. 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 December 31, 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.

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. Pursuant to the CARES Act, minimum required contributions to be made in calendar year 2020 can be deferred to January 1, 2021 with interest accruing from the original due date to the payment date. In January 2021, we made \$241 million of required pension contributions, including the \$130 million minimum contributions required for 2020. In addition, we have significant obligations for retiree medical and other postretirement benefits. Additionally, we participate in the 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.

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 (referred to as 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 the COVID-19 pandemic 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 the COVID-19 pandemic 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.

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

We believe that our future success will depend in large part on our ability to attract, develop and retain highly qualified management, technical and other personnel. We may not be successful in attracting, developing or retaining key personnel or other highly qualified personnel. Among other things, the CARES Act, the PSP Extension Law and the Treasury Loan Agreement impose significant restrictions on executive compensation, which will remain in place through the date that is the later to occur of one year after the secured loan provided under the Treasury Loan Agreement is fully repaid and October 1, 2022. Such restrictions, over time, will likely result in lower executive compensation in the airline industry than is prevailing in other industries, which may create 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 attract, develop and retain significant numbers of qualified management and other personnel would have a material adverse effect on our business, results of operations and financial condition.

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:

- the effects of the ongoing COVID-19 pandemic;
- 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 U.S. 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.

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 RLA. Under the RLA, 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 NMB. For the dates that the CBAs with our major work groups become amendable under the RLA, see Part I, Item 1. Business – *"Employees and Labor Relations."*

In the case of a CBA that is amendable under the RLA, if no agreement is reached during direct negotiations between the parties, either party may request that the NMB appoint a federal mediator. The RLA prescribes no timetable for the direct negotiation and mediation processes, and it is not unusual for those processes to last for many months or even several years. If no agreement is reached in mediation, the NMB in its discretion may declare that an impasse exists and proffer binding arbitration to the parties. Either party may decline to submit to arbitration, and if arbitration is rejected by either party, a 30-day "cooling off" period commences. During or after that period, a 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.*”

As of December 31, 2020, approximately 84% of our employees were represented for collective bargaining purposes by labor unions. Currently, we believe our labor costs are generally 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.

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 severe 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 continue 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.

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. In addition, we operate in a highly visible industry that has significant exposure to social media. Negative publicity, including as a result of misconduct by our customers, vendors or employees, can spread rapidly through social media. Should we not respond in a timely and appropriate manner to address negative publicity, our brand and reputation may be significantly harmed.

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 the COVID-19 pandemic 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.

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 implementations 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.

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, changing (whether it be increasing, decreasing or eliminating) 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. For example, in 2020, we eliminated change fees for most

domestic and international tickets, which has reduced our change fee revenue, a trend which is expected to continue as demand for air travel recovers, assuming this change remains in place. 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 Note 12 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 10 to American's Consolidated Financial Statements in Part II, Item 8B.

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, 2020, we had approximately \$16.5 billion of federal NOLs available to reduce future federal taxable income, of which \$8.5 billion will expire beginning in 2023 if unused and \$8.0 billion can be carried forward indefinitely. We also had approximately \$5.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2020, which will expire in taxable years 2020 through 2040 if unused. Our NOL Carryforwards are subject to adjustment on audit by the Internal Revenue Service and the respective state taxing authorities. Additionally, due to the COVID-19 pandemic and other economic factors, the NOL Carryforwards may expire before we can generate sufficient taxable income to use them.

Our ability to use our NOL Carryforwards will depend on the amount of taxable income generated in future periods. We presently have a \$34 million valuation allowance on certain net deferred tax assets related to state NOL Carryforwards. If our financial results continue to be adversely impacted by the COVID-19 pandemic, there can be no assurance that an additional valuation allowance on our net deferred tax assets will not be required. Such valuation allowance could be material.

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 \$7.0 billion of unlimited NOLs still remaining at December 31, 2020) 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, the Treasury's 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 PSP1 and PSP2 and accordingly will not apply to the warrants issued by us under PSP1 and PSP2. 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.*"

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 2020, we recorded a \$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 severe decline in demand for air travel due to the COVID-19 pandemic. 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.

Risks Related to the Airline Industry

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 several new entrants have announced their intention to start up new ultra-low-cost carriers 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, a trend likely to continue with the delivery of planned, long-range narrowbody aircraft. 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 businesses, alliances, 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. Before the COVID-19 pandemic, competition had been 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 had been 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 was 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. We expect this to continue after the COVID-19 pandemic subsides.

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 with British Airways, Aer Lingus, Iberia and Finnair, a transpacific joint business with Japan Airlines and a joint business relating to Australia and New Zealand with Qantas, each of which has been granted antitrust immunity. The transatlantic joint business benefits from a grant of antitrust immunity from the DOT and was reviewed by the 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 LHR or 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 EU, commonly referred to as Brexit, and the expiry of the EC commitments in July 2020, the CMA opened an investigation into the transatlantic joint business. 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 in light of the uncertainty created by the COVID-19 pandemic. The CMA plans to complete its investigation before the interim measures expire. 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 arrangements.

In 2020, we entered into an expanded marketing relationship with Alaska Airlines. This arrangement, once implemented, will expand our existing codeshare relationship, including codeshare on certain of our international routes from SEA and LAX, and will provide for reciprocal loyalty program benefits and shared lounge access. Pursuant to federal law, American and Alaska Airlines submitted this proposed arrangement to the DOT for review. After the DOT allowed the review period to expire with no further actions, American and Alaska Airlines commenced implementation of this arrangement.

Also, in 2020, we announced our intention to enter into a marketing relationship with JetBlue. This arrangement, once implemented, will include an alliance agreement with reciprocal codesharing on domestic and international routes from New York (JFK, LGA, and EWR) and BOS, and will provide for reciprocal loyalty program benefits. The arrangement does not include JetBlue's future transatlantic flying. Pursuant to federal law, American and JetBlue submitted this proposed alliance arrangement to the DOT for review. After American, JetBlue and the DOT agreed to a series of commitments, the DOT terminated its review of the proposed alliance. The commitments include growth commitments to ensure capacity expansion, slot divestitures at JFK and at DCA near Washington, D.C. and antitrust compliance measures. Beyond this agreement with the DOT, American and JetBlue will also be refraining from certain kinds of coordination on certain city pair markets. In addition to the DOT review, the DOJ and the New York Attorney General, the Massachusetts Attorney General, and the Attorneys General of certain other state and local jurisdictions are investigating this proposed alliance, which remains ongoing. American and JetBlue intend to cooperate with those investigations, but are proceeding with plans to implement this alliance.

Notwithstanding the DOT's termination of its reviews of the Alaska Airlines and JetBlue alliances, the DOT maintains authority to conduct investigations under the scope of its existing statutes and regulations, including conduct related to these alliances.

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.

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 our partners' abilities to provide air service, 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.

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. We do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, our future fuel needs remain unclear due to uncertainties regarding air travel demand and any hedging would potentially require significant capital or collateral to be placed at risk. Accordingly, as of December 31, 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. See also the discussion in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk – “*Aircraft Fuel.*”

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 and state and local governments have passed laws and regulatory initiatives, and the DOT, the FAA, the TSA 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 and prolonged grounding of aircraft types altogether (including, for example, the March 2019 grounding of all Boeing 737 MAX Family aircraft, which remained in place for over a year and was not lifted in the United States until November 2020), 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. In 2021, the FAA is expected to issue a number of rules that will impact us, including regulations mandating certain rest requirements for flight attendants.

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 2021, the DOT is expected to implement a number of new regulations that will impact us, including disability rules for accessible lavatories and wheelchair assistance, 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.

Similarly, there are a number of legislative and regulatory initiatives and reforms at the state and local levels. These initiatives include increasingly stringent laws to protect the environment, wage/hour requirements, mandatory paid sick or family leave, and health care mandates. These laws could affect our relationship with our workforce and the vendors that serve our airlines and cause our expenses to increase without an ability to pass through these costs. In recent years, the airline industry has experienced an increase in litigation over the application of state and local employment laws, particularly in California. Application of these laws may result in operational disruption, increased litigation risk and impact our negotiated labor agreements.

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, including the imposition of preflight testing regimes which have to date and may in the future have the effect of reducing demand for air travel in the markets where such requirements are imposed.

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 and the substantial costs that may be imposed on airlines, including ourselves, 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 130 trading partners, 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, joint business agreements, 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). The Withdrawal Agreement provided for a transition period that ended on December 31, 2020. Prior to the end of the transition period, on December 24, 2020, EU and United Kingdom negotiators agreed to a new trade and cooperation agreement (the EU-UK Trade and Cooperation Agreement). Provisional application of the EU-UK Trade and Cooperation Agreement between January 1 and February 28, 2021 has been approved by the European Commission, the European Council and the United Kingdom Parliament to allow sufficient time for the formal ratification of the EU-UK Trade and Cooperation Agreement. 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. The EU-UK Trade and Cooperation Agreement includes provisions in relation to commercial air service that we expect to be sufficient to sustain our current services under the transatlantic joint business. However, the scope of traffic rights under the EU-UK Trade and Cooperation Agreement is less extensive than before Brexit and therefore the impact of the EU-UK Trade and Cooperation Agreement is uncertain at this stage pending ratification and eventual implementation. As a result, the continuation of our current services, and those of our partners could be disrupted. This 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-COVID-19 pandemic levels, if at all, or whether certain international destinations we previously served will be economical in the future.

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 on certain Airbus aircraft that we previously contracted to purchase; these aircraft were initially subject to an ad valorem duty of 10% that was subsequently increased to 15% in March 2020. In January 2021, the USTR expanded the scope of the 15% tariff to apply to certain imported aircraft parts in addition to imported aircraft. While the scope and rate of these tariffs remain subject to further changes, if and to the extent any of

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. The Withdrawal Agreement provided for a transition period that ended on December 31, 2020. Prior to the end of the transition period, on December 24, 2020, EU and United Kingdom negotiators agreed to the EU-UK Trade and Cooperation Agreement. Provisional application of the EU-UK Trade and Cooperation Agreement between January 1 and February 28, 2021 has been approved by the European Commission, the European Council and the United Kingdom Parliament to allow sufficient time for the formal ratification of the EU-UK Trade and Cooperation Agreement. 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. The EU-UK Trade and Cooperation Agreement includes provisions in relation to commercial air service that we expect to be sufficient to sustain our current services under the transatlantic joint business. However, the scope of traffic rights under the EU-UK Trade and Cooperation Agreement is less extensive than before Brexit and therefore the impact of the EU-UK Trade and Cooperation Agreement is uncertain at this stage pending ratification and eventual implementation. As a result, the continuation of our current services, and those of our partners could be disrupted. This 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 joint business. 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 in light 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.

Additionally, 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.

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 CO₂ emissions, changing consumer preferences 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 GHG emissions, including CO₂ emissions. In particular, ICAO has adopted rules to implement CORSIA, which will require American to address the growth in CO₂ emissions of a significant majority of our international flights. For more information on CORSIA, see “*Aircraft Emissions and Climate Change Requirements*” under Item 1. Business – Domestic and Global Regulatory Landscape – Environmental Matters.

At this time, the costs of complying with our future obligations under CORSIA are uncertain, primarily because it is difficult to estimate the return of demand for international air travel during and in the recovery from the COVID-19 pandemic. There is also significant uncertainty with respect to the future supply and price of carbon offset credits and sustainable or lower carbon aircraft fuels that could allow us to reduce our emissions of CO₂. In addition, we will not directly control our CORSIA compliance costs through 2029 because those obligations are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth beginning in 2030. 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.

Growing recognition among consumers of the dangers of climate change may mean some customers choose to fly less frequently or fly on an airline they perceive as operating in a manner that is more sustainable to the climate. Business customers may choose to use alternatives to travel, such as virtual meetings and workspaces. Greater development of high-speed rail in markets now served by short-haul flights could provide passengers with lower-carbon alternatives to flying with us. Our collateral to secure loans, in the form of aircraft, spare parts and airport slots, could lose value as customer demand shifts and economies move to low-carbon alternatives, which may increase our financing cost.

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, as of the end of 2020 all of our mainline aircraft were manufactured by either Airbus or Boeing and all of our regional aircraft were 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. For instance, in March 2019, the FAA ordered the grounding of all Boeing 737 MAX Family aircraft, which remained in place for over a year and was not lifted in the United States until November 2020. The limited number of these suppliers may also result in reduced competition and potentially higher prices than if the supplier base was less concentrated.

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 Family aircraft, including the 24 aircraft in our fleet at the time of the grounding, and which caused us to be unable to take delivery of the Boeing 737 MAX Family aircraft we had on order from Boeing.

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.

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.

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 ORD, LAX, LGA and 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: JFK 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 resulting in changes in the application of slot controls or the allocation of or any reallocation of existing slots, the continued enforcement or termination of a perimeter rule or similar regulatory regime 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 in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. and partner gateways including in London Heathrow (among others). 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 ATC 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.

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. The CARES Act provided for a temporary tax holiday from collecting and remitting certain government ticket taxes for tickets purchased between March 28, 2020 and December 31, 2020.

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.

Risks Related to Ownership of AAG Common Stock and Convertible Notes

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

The market price of AAG common stock has fluctuated substantially 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 and the PSP Extension Law);
- 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 and the PSP Extension Law;
- increases or decreases in reported holdings by insiders or other significant stockholders;
- fluctuations in trading volume; and
- technical factors in the public trading market for our stock that may produce price movements that may or may not comport with macro, industry or company-specific fundamentals, including, without limitation, the sentiment of retail investors (including as may be expressed on financial trading and other social media sites), the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our common stock and any related hedging and other technical trading factors.

The closing price of our common stock on Nasdaq varied from \$9.04 to \$30.47 during 2020 and \$15.00 to \$18.10 during 2021 year-to-date through February 12, 2021. At times during this period, fluctuations in our stock price have been rapid, imposing risks on investors due to the possibility of significant, short-term price volatility. While we believe that this wide range of trading prices is broadly indicative of the changing prospects for a large airline facing the challenges imposed by the COVID-19 pandemic, we also believe, based in part on the commentary of market analysts, that the trading price of our common stock has at times been influenced by the technical trading factors discussed in the last bullet above. On some occasions, market analysts have explained fluctuations in our stock price by reference to purported “short squeeze” activity. A “short squeeze” is a technical market condition that occurs when the price of a stock increases substantially, forcing market participants who had taken a position that its price would fall (i.e., who had sold the stock “short”), to buy it, which in turn may create significant, short-term demand for the stock not for fundamental reasons, but rather due to the need for such market participants to acquire the stock in order to forestall the risk of even greater losses. A “short squeeze” condition in the market for a stock can lead to short-term conditions involving very high volatility and trading that may or may not track fundamental valuation models.

We have ceased making repurchases of our common stock and paying dividends on our common stock as required by the CARES Act and the PSP Extension Law. 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.

In connection with our receipt of financial assistance under PSP1 and PSP2, we agreed not to repurchase shares of AAG common stock through at least March 31, 2022. In addition, we have entered into the Treasury Loan Agreement and,

as a result, we are further 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, the PSP Extension Law 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.

In connection with our receipt of financial assistance under PSP1 and PSP2, we agreed not to pay dividends on AAG common stock through at least March 31, 2022. In addition, we have entered into the Treasury Loan Agreement, and as a result, we are further 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" and AAG's Description of the Registrants' Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4.1 hereto. 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 CARES Act, the PSP Extension Law, PSP1, PSP2 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 material amounts of our 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 PSP1, PSP2 and the secured loan provided under the Treasury Loan Agreement). If these additional shares or securities are issued or 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 1B. UNRESOLVED STAFF COMMENTS

We had no unresolved Securities and Exchange Commission staff comments that were issued 180 days or more preceding December 31, 2020.

ITEM 2. PROPERTIES**Flight Equipment and Fleet Renewal**

As of December 31, 2020, American operated a mainline fleet of 855 aircraft and American Eagle operated 544 regional aircraft. During 2020, American accepted delivery of 30 and 17 mainline and regional aircraft, respectively, and retired 95 and 63 mainline and regional aircraft, respectively. Additionally, during 2020, American temporarily parked 22 and 15 mainline and regional aircraft, respectively. To better align our network with lower passenger demand due to the impact of the COVID-19 pandemic on our business, during 2020, 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 1(g) to each of AAG's and American's Consolidated Financial Statements in Part II, Items 8A and 8B, respectively, for further information on the accounting for our fleet retirements.

Mainline

As of December 31, 2020, American's mainline fleet consisted of the following aircraft:

	<u>Average Seating Capacity</u>	<u>Average Age (Years)</u>	<u>Owned</u>	<u>Leased</u>	<u>Total</u>
Airbus A319	128	16.7	21	112	133
Airbus A320	150	19.7	10	38	48
Airbus A321	179	8.4	164	54	218
Airbus A321neo	196	0.8	9	19	28
Boeing 737-800 ⁽¹⁾	168	10.3	111	171	282
Boeing 737-8 MAX ⁽²⁾	172	1.7	9	25	34
Boeing 777-200ER	273	20.0	44	3	47
Boeing 777-300ER	304	6.8	18	2	20
Boeing 787-8	234	4.5	20	3	23
Boeing 787-9	285	3.2	17	5	22
Total		<u>10.8</u>	<u>423</u>	<u>432</u>	<u>855</u>

⁽¹⁾ Excluded from the total operating aircraft count above are 21 owned and one leased Boeing 737-800 that are being held in temporary storage.

⁽²⁾ On November 18, 2020, a directive from the FAA cleared the U.S.-registered Boeing 737 MAX Family aircraft to return to service following its grounding in March 2019. We resumed scheduled service on December 29, 2020 and gradually phased more Boeing 737 MAX Family aircraft into service throughout January 2021 and beyond.

Regional

As of December 31, 2020, the fleet of our wholly-owned and third-party regional carriers operating as American Eagle consisted of the following aircraft:

	Average Seating Capacity	Owned	Leased	Owned or Leased by Third Party Regional Carrier	Total	Operating Regional Carrier	Number of Aircraft Operated
Bombardier CRJ 700	65	54	7	65	126	SkyWest	65
						PSA	61
						Total	126
Bombardier CRJ 900	77	69	—	54	123	PSA	69
						Mesa	54
						Total	123
Embraer 175 ⁽¹⁾	76	91	—	82	173	Envoy	91
						Republic	82
						Total	173
Embraer 140 ⁽¹⁾	44	8	—	—	8	Envoy	8
Embraer 145 ⁽¹⁾	50	114	—	—	114	Piedmont	57
						Envoy	57
						Total	114
Total		336	7	201	544		544

⁽¹⁾ Excluded from the total operating aircraft count above are 27 regional aircraft that are being held in temporary storage as follows: 18 owned Embraer 140s, seven owned Embraer 175s and two owned Embraer 145s.

See Note 12 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 10 to American's Consolidated Financial Statements in Part II, Item 8B for additional information on our capacity purchase agreements with third-party regional carriers.

Aircraft and Engine Purchase Commitments

As of December 31, 2020, we had definitive purchase agreements for the acquisition of the following aircraft ⁽¹⁾:

	2021	2022	2023	2024	2025	2026 and Thereafter	Total
Airbus							
A320neo Family ⁽²⁾	16	26	5	18	22	5	92
Boeing							
737 MAX Family ⁽³⁾	9	10	7	—	20	20	66
787 Family	19	—	6	6	8	5	44
Total	44	36	18	24	50	30	202

⁽¹⁾ Delivery schedule represents our best estimate as of the date of this report. Actual delivery dates are subject to change based on various potential factors including production delays by the manufacturer and, where applicable, our decision to exercise rights to defer certain deliveries.

⁽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%, and effective January 12, 2021, the scope of the 15% tariff was expanded to include certain imported aircraft parts in addition to aircraft. We continue to endeavor to mitigate the effect of these tariffs on our Airbus deliveries. See Part I, Item 1A. Risk Factors - "We operate a global business with international operations that are subject to economic and political instability and have been, and in the future may continue to be, adversely affected by numerous events, circumstances or government actions beyond our

control.” Additionally, as of February 16, 2021, we had accepted delivery of one of the 16 Airbus A320neo Family aircraft presently scheduled for delivery in 2021.

- (3) On March 13, 2019, a directive from the FAA grounded all U.S.-registered Boeing 737 MAX Family aircraft and, as a result, all deliveries of Boeing 737 MAX Family aircraft were suspended. Since the time of the FAA recertification of the Boeing 737 MAX Family aircraft on November 18, 2020, deliveries have resumed and we had accepted delivery of 10 Boeing 737 MAX Family aircraft during the period between the date of recertification and December 31, 2020. Additionally, as of February 16, 2021, we had accepted delivery of six of the nine Boeing 737 MAX Family aircraft presently scheduled for delivery in 2021.

We also have agreements for 29 spare engines to be delivered in 2021 and beyond.

We currently have financing commitments in place for 43 aircraft scheduled to be delivered in 2021: 19 Boeing 787 Family aircraft, 16 Airbus A320neo Family aircraft and eight Boeing 737 MAX Family 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 (2) the performance by the counterparty providing such financing commitments of its obligations thereunder. We do not have financing commitments in place for one of the Boeing 737 MAX Family aircraft scheduled to be delivered in 2021, however, we do have rights to defer this 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 I, Item 1A. Risk Factors – “*We will need to obtain sufficient financing or other capital to operate successfully*” for additional discussion.

See Note 12 to AAG’s Consolidated Financial Statements in Part II, Item 8A and Note 10 to American’s Consolidated Financial Statements in Part II, Item 8B for additional information on aircraft and engine acquisition commitments.

Ground Properties

At each airport where we conduct flight operations, we have agreements, generally with a governmental unit or authority, for the use of passenger, operations and baggage handling space as well as runways and taxiways. These agreements, particularly in the U.S., often contain provisions for periodic adjustments to rates and charges applicable under such agreements. These rates and charges also vary with our level of operations and the operations of the airport. Additionally, at our hub locations and in certain other cities we serve, we lease administrative offices, catering, cargo, training, maintenance and other facilities.

We lease or have built on leased property our headquarters and training facilities in Fort Worth, Texas, our principal overhaul and maintenance base in Tulsa, Oklahoma, our regional reservation offices, and administrative offices throughout the U.S. and abroad.

ITEM 3. LEGAL PROCEEDINGS

See Note 12 to AAG’s Consolidated Financial Statements in Part II, Item 8A and Note 10 to American’s Consolidated Financial Statements in Part II, Item 8B for information on legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

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

Stock Exchange Listing

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

As of February 12, 2021, the closing price of our common stock was \$17.27 and there were 12,527 holders of record. However, because many of the shares of our common stock are held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our common stock than record holders.

Information on securities authorized for issuance under our equity compensation plans will be set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders of American Airlines Group Inc. (the Proxy Statement) under the caption "Equity Compensation Plan Information" and is incorporated by reference into this Annual Report on Form 10-K.

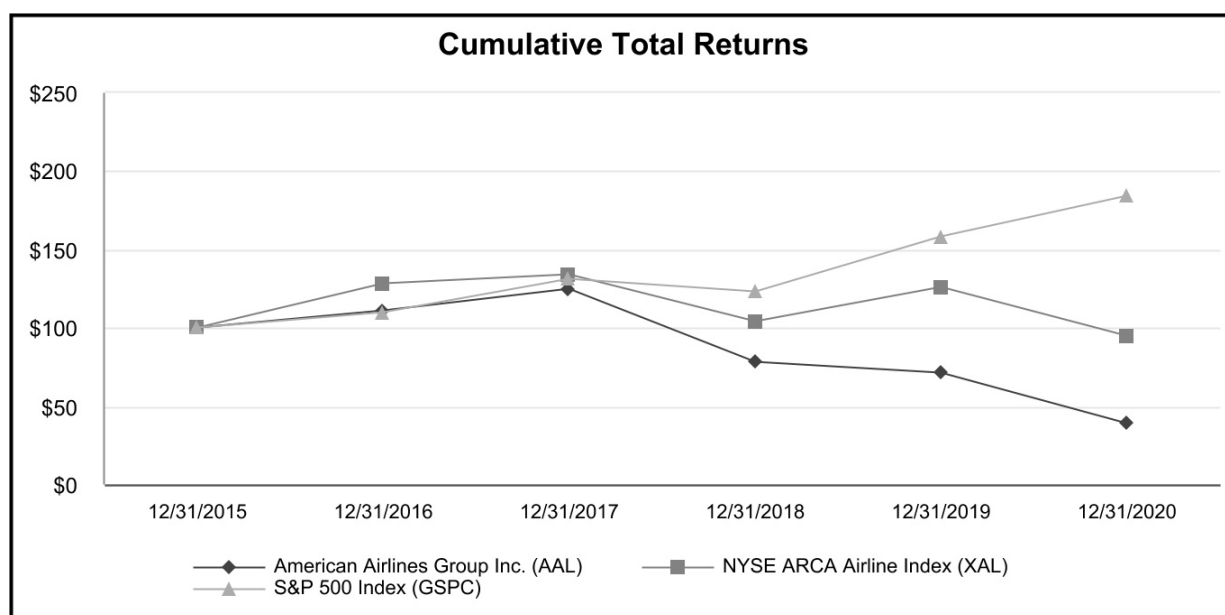
Dividends on Common Stock

The total cash payment for dividends during the years ended December 31, 2020 and 2019 was \$43 million and \$178 million, respectively. In connection with our receipt of financial assistance under PSP1 and PSP2, we agreed not to pay dividends on AAG common stock through at least March 31, 2022. In addition, we have entered into the Treasury Loan Agreement, and as a result, we are further 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.

Stock Performance Graph

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

The following stock performance graph compares the cumulative total stockholder returns during the period from December 31, 2015 to December 31, 2020 of our common stock to the New York Stock Exchange (NYSE) ARCA Airline Index and the Standard and Poor's Financial Services, LLC (S&P) 500 Stock Index. The comparison assumes \$100 was invested on December 31, 2015 in our common stock and in each of the foregoing indices and assumes that all dividends were reinvested. The stock performance shown on the following graph represents historical stock performance and is not necessarily indicative of future stock price performance.



	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
American Airlines Group Inc. (AAL)	\$ 100	\$ 111	\$ 125	\$ 78	\$ 71	\$ 39
NYSE ARCA Airline Index (XAL)	100	128	134	104	126	95
S&P 500 Index (GSPC)	100	110	131	123	158	184

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

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. The \$420 million of remaining authority to repurchase shares under our most recent \$2.0 billion share repurchase program expired on December 31, 2020. In connection with our receipt of financial assistance under PSP1 and PSP2, we agreed not to repurchase shares of AAG common stock through at least March 31, 2022. In addition, we have entered into the Treasury Loan Agreement and, as a result, we are further 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.

In 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 2019, we repurchased 33.8 million shares of AAG common stock for \$1.1 billion at a weighted average cost per share of \$32.09.

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, the PSP Extension Law 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.

See Part I, Item 1A. Risk Factors – “We have ceased making repurchases of our common stock and paying dividends on our common stock as required by the CARES Act and the PSP Extension Law. 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.”

Ownership Restrictions

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

In addition, to reduce the risk of a potential adverse effect on our ability to use our NOL Carryforwards and certain other tax attributes for federal income tax purposes, our Certificate of Incorporation contains certain restrictions on the acquisition and disposition of our common stock by substantial stockholders (generally holders of more than 4.75%). This provision is currently scheduled to expire by its terms in December 2021.

See Part I, Item 1A. Risk Factors – "AAG's *Certificate of Incorporation and Bylaws include provisions that limit voting and acquisition and disposition of our equity interests.*" Also see AAG's Certification of Incorporation and Bylaws, which are filed as Exhibits 3.1, 3.2 and 3.3 hereto, for the full text of the foregoing restrictions and AAG's Description of the Registrants' Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4.1 hereto, for a more detailed description.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

We adopted three new accounting standards as of January 1, 2018: Accounting Standards Update (ASU) 2016-02: Leases (Topic 842) (the New Lease Standard), ASU 2014-09: Revenue from Contracts with Customers (the New Revenue Standard) and ASU 2017-07: Compensation - Retirement Benefits (the New Retirement Standard). The 2017 and 2016 financial information presented within this Item 6. Selected Consolidated Financial Data has been recast to reflect the impact of the adoption of the New Revenue Standard and the New Retirement Standard. The New Lease Standard did not require the recast of prior periods. See Note 1(b) to each of AAG's and American's Consolidated Financial Statements in Part II, Items 8A and 8B, respectively, of AAG's and American's Annual Report on Form 10-K for the year ended December 31, 2018, for further information on the impacts of these new accounting standards.

Selected Consolidated Financial Data of AAG

The selected consolidated financial data presented below under the captions "Consolidated Statements of Operations data" and "Consolidated Balance Sheet data" for the years ended and as of December 31, 2020, 2019, 2018, 2017 and 2016, are derived from AAG's audited consolidated financial statements.

	Year Ended December 31,				
	2020	2019	2018	2017	2016
(In millions, except share and per share amounts)					
Consolidated Statements of Operations data:					
Total operating revenues	\$ 17,337	\$ 45,768	\$ 44,541	\$ 42,622	\$ 40,142
Total operating expenses	27,758	42,703	41,885	38,391	35,082
Operating income (loss)	(10,421)	3,065	2,656	4,231	5,060
Net income (loss)	(8,885)	1,686	1,412	1,282	2,584
Earnings (loss) per common share:					
Basic	\$ (18.36)	\$ 3.80	\$ 3.04	\$ 2.62	\$ 4.68
Diluted	(18.36)	3.79	3.03	2.61	4.65
Shares used for computation (in thousands):					
Basic	483,888	443,363	464,236	489,164	552,308
Diluted	483,888	444,269	465,660	491,692	556,099
Cash dividends declared per common share	\$ 0.10	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
Consolidated Balance Sheet data (at end of period):					
Total assets	\$ 62,008	\$ 59,995	\$ 60,580	\$ 52,785	\$ 53,610
Debt and finance leases	32,593	24,315	24,473	25,065	24,344
Pension and postretirement obligations ⁽¹⁾	7,131	6,081	6,937	7,596	7,946
Operating lease liabilities	8,428	9,129	9,556	—	—
Stockholders' deficit	(6,867)	(118)	(169)	(780)	(286)

⁽¹⁾ Substantially all defined benefit pension plans were frozen effective November 1, 2012. See Note 10 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information on pension and postretirement benefits.

Reconciliation of GAAP to Non-GAAP Financial Measures

We sometimes use financial measures that are derived from the consolidated financial statements but that are not presented in accordance with accounting principles generally accepted in the U.S. (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.

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The following table presents the components of our total net special items and the reconciliation of pre-tax income (loss) and net income (loss) (GAAP measures) to pre-tax income (loss) excluding net special items and net income (loss) excluding net special items (non-GAAP measures). Management uses pre-tax income (loss) excluding net special items and net income (loss) excluding net special items 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.

	Year Ended December 31,	
	2020	2019
	(In millions)	
Components of Total Special Items, Net: ⁽¹⁾		
PSP1 Financial Assistance ⁽²⁾	\$ (3,710)	\$ —
Fleet impairment ⁽³⁾	1,484	213
Severance expenses ⁽⁴⁾	1,408	11
Labor contract expenses ⁽⁵⁾	228	—
Mark-to-market adjustments on bankruptcy obligations, net ⁽⁶⁾	(49)	(11)
Fleet restructuring expenses ⁽⁷⁾	—	271
Merger integration expenses ⁽⁸⁾	—	191
Litigation reserve adjustments	—	(53)
Other operating special items, net	(18)	13
Mainline operating special items, net	(657)	635
PSP1 Financial Assistance ⁽²⁾	(444)	—
Fleet impairment ⁽³⁾	117	—
Severance expenses ⁽⁴⁾	18	—
Other operating special items, net	—	6
Regional operating special items, net	(309)	6
Operating special items, net	(966)	641
Mark-to-market adjustments on equity and other investments, net ⁽⁹⁾	135	(5)
Debt refinancing, extinguishment and other, net	35	8
Nonoperating special items, net	170	3
Pre-tax special items, net	(796)	644
Total special items, net	\$ (796)	\$ 644
Reconciliation of Pre-Tax Income (Loss) Excluding Net Special Items:		
Pre-tax income (loss) – GAAP	\$ (11,453)	\$ 2,256
Adjusted for: Pre-tax special items, net	(796)	644
Pre-tax income (loss) excluding net special items	\$ (12,249)	\$ 2,900
Reconciliation of Net Income (Loss) Excluding Net Special Items:		
Net income (loss) – GAAP	\$ (8,885)	\$ 1,686
Adjusted for: Total special items, net	(796)	644
Adjusted for: Net tax effect of net special items	170	(151)
Net income (loss) excluding net special items	\$ (9,511)	\$ 2,179

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

⁽²⁾ PSP1 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP1 Agreement. See Note 1(b) to AAG's Consolidated Financial Statements in Part II, Item 8A for further information.

- (3) The 2020 fleet impairment resulted from our decision to retire certain aircraft earlier than planned driven by the severe decline in air travel due to the COVID-19 pandemic. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. This 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. See Note 1(g) to AAG's Consolidated Financial Statements in Part II, Item 8A for further information related to these charges.

The 2019 fleet impairment principally included a non-cash write-down of aircraft related to the retirement of our Embraer 190 fleet.

- (4) The 2020 severance expenses included salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to the COVID-19 pandemic. Cash payments related to these charges for the year ended December 31, 2020 were approximately \$365 million.

The 2019 severance expenses primarily included costs associated with reductions of management and support staff team members.

- (5) Labor contract expenses primarily related to one-time charges resulting from the ratification of a new contract with the TWU-IAM Association for our maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

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

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

- (8) Merger integration expenses included costs associated with integration projects, principally our technical operations, flight attendant, human resources and payroll systems.

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

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.

	Year Ended December 31,	
	2020	2019
Reconciliation of Total Operating Costs per Available Seat Mile (CASM) Excluding Net Special Items and Fuel:		
<i>(In millions)</i>		
Total operating expenses – GAAP	\$ 27,758	\$ 42,703
Operating net special items ⁽¹⁾ :		
Mainline operating special items, net	657	(635)
Regional operating special items, net	309	(6)
Fuel:		
Aircraft fuel and related taxes – mainline	(2,581)	(7,526)
Aircraft fuel and related taxes – regional	(821)	(1,869)
Total operating expenses, excluding net special items and fuel	<u>\$ 25,322</u>	<u>\$ 32,667</u>
<i>(In millions)</i>		
Total Available Seat Miles (ASM)	143,167	285,088
<i>(In cents)</i>		
Total operating CASM	19.39	14.98
Operating net special items per ASM ⁽¹⁾ :		
Mainline operating special items, net	0.46	(0.22)
Regional operating special items, net	0.22	—
Fuel per ASM:		
Aircraft fuel and related taxes – mainline	(1.80)	(2.64)
Aircraft fuel and related taxes – regional	(0.57)	(0.66)
Total operating CASM, excluding net special items and fuel	<u>17.69</u>	<u>11.46</u>

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

Selected Consolidated Financial Data of American

The selected consolidated financial data presented below under the captions “Consolidated Statements of Operations data” and “Consolidated Balance Sheet data” for the years ended and as of December 31, 2020, 2019, 2018, 2017 and 2016 are derived from American’s audited consolidated financial statements.

	Year Ended December 31,				
	2020	2019	2018	2017	2016
(In millions)					
Consolidated Statements of Operations data:					
Total operating revenues	\$ 17,335	\$ 45,761	\$ 44,530	\$ 42,610	\$ 40,125
Total operating expenses	27,559	42,714	41,807	38,405	35,045
Operating income (loss)	(10,224)	3,047	2,723	4,205	5,080
Net income (loss)	(8,450)	1,972	1,658	1,285	2,689
Consolidated Balance Sheet data (at end of period):					
Total assets	\$ 69,215	\$ 71,890	\$ 70,878	\$ 61,401	\$ 60,428
Debt and finance leases	28,982	23,042	23,197	23,294	22,577
Pension and postretirement obligations ⁽¹⁾	7,089	6,037	6,893	7,550	7,904
Operating lease liabilities	8,380	9,083	9,496	—	—
Stockholder’s equity	4,348	13,422	11,770	9,888	8,578

⁽¹⁾ Substantially all defined benefit pension plans were frozen effective November 1, 2012. See Note 8 to American's Consolidated Financial Statements in Part II, Item 8B for further information on pension and postretirement benefits.

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

2020 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, testing regimes, closing of borders, "stay at home" 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 62% in 2020 as compared to 2019. While the length and severity of the reduction in demand due to the COVID-19 pandemic is uncertain, we expect our results of operations for 2021 to be severely impacted.

We have taken aggressive actions to mitigate the effects of the COVID-19 pandemic 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 Act (CARES Act) and Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law).

Capacity Reductions

We have significantly reduced our capacity (as measured by available seat miles), with 2020 flying decreasing by 50% year-over-year. Domestic capacity in 2020 was down 41% year-over-year while international capacity was down 68% year-over-year.

We also reset our international capacity and network for 2021 in response to the severe decline in demand. We have exited 19 international routes from six hubs. These changes will allow us to operate more efficiently when demand returns.

We currently expect our first quarter 2021 system capacity to decrease by 45% as compared to the first quarter of 2019. 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 observed booking trends 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 1(g) to AAG's Consolidated Financial Statements in Part II, Item 8A 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 moved quickly to better align our costs with our reduced schedule. In aggregate, we estimate that we reduced our 2020 operating and capital expenditures by more than \$17 billion. These savings were achieved primarily through capacity reductions. In addition, we implemented a series of actions, including the accelerated fleet retirements discussed above as well as reductions in maintenance expense and \$700 million in non-aircraft capital expenditures through less fleet modification work, the elimination of ground service equipment purchases and pausing non-critical facility investments and information technology projects. We 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 and decreased our management and support staff team, including officers, by approximately 30%. In total, more than 20,000 team members have opted for an early retirement or long-term partially paid leave. Additionally, we have made reductions in marketing, contractor, event and training expenses as well as consolidated space at airport facilities.

Due to the effects of the COVID-19 pandemic, we involuntarily furloughed certain team members starting October 1, 2020, and subsequently recalled the team members covered by the PSP2 financial assistance effective December 1, 2020 (see Note 18 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information).

On February 5, 2021, we informed approximately 13,000 U.S.-based team members of the possibility of a workforce reduction at their work location. We expect that any workforce reductions will take effect on or after April 1, 2021. In connection with this notification, we announced the reopening of the voluntary early out and long-term leave of absence programs for team members of certain represented workgroups. Eligible team members must opt in by February 26, 2021 for the early out program and March 12, 2021 for the voluntary leave program.

Liquidity

As of December 31, 2020, we had \$14.3 billion in total available liquidity, consisting of \$6.9 billion in unrestricted cash and short-term investments, \$7.0 billion in an undrawn term loan facility under the CARES Act and a total of \$446 million in undrawn short-term revolving and other facilities.

During 2020, we completed the following financing transactions (see Note 5 to AAG's Consolidated Financial Statements in Part II, Item 8A 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;
- issued \$500 million in aggregate principal amount of 3.75% unsecured senior notes due 2025;
- raised \$1.0 billion from the senior secured delayed draw term loan credit facility (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 \$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 and 44.3 million shares of AAG common stock at a price of \$12.975 per share pursuant to two underwritten public offerings of common stock for aggregate net proceeds of \$1.7 billion;
- issued \$2.5 billion in aggregate principal amount of 11.75% senior secured notes due 2025 and used the proceeds thereof, in part, to repay the \$1.0 billion 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 \$7.5 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;
- issued 68.6 million shares of AAG common stock at an average price of \$12.87 per share pursuant to an at-the-market offering for net proceeds of \$869 million (see Note 18 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information);
- raised \$665 million principally from aircraft sale-leaseback transactions as well as \$351 million from asset sales primarily related to previously parked aircraft; and
- received approximately \$600 million of proceeds 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 received an aggregate of \$6.0 billion in financial assistance through PSP1 established under the CARES Act, all of which was received by the end of September 2020. In connection with our receipt of this financial assistance, AAG issued a promissory note (the PSP1 Promissory Note) to Treasury for \$1.8 billion in aggregate principal amount and warrants to purchase up to an aggregate of approximately 14.1 million shares (the PSP1 Warrant Shares) of AAG common stock. See Note 1(b) to AAG's Consolidated Financial Statements in Part II, Item 8A for further discussion on PSP1.

In January 2021, we received \$1.5 billion (of an expected total of at least \$3.0 billion) in financial assistance through PSP2 established under the PSP Extension Law. In connection with our receipt of this financial assistance, AAG issued a promissory note (the PSP2 Promissory Note) to Treasury for an initial principal sum of approximately \$433 million and warrants to purchase up to an aggregate of approximately 2.8 million shares (the PSP2 Warrant Shares) of AAG common stock. See Note 18 to AAG's Consolidated Financial Statements in Part II, Item 8A for further discussion on PSP2.

Also, we are permitted to, and have, deferred 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 provided approximately \$350 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 and the PSP Extension Law are applicable.

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

A significant portion 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, collateral coverage and/or debt service coverage ratio covenants.

Given the above actions and our current assumptions about the future impact of the COVID-19 pandemic 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 the PSP Extension Law) and projected cash flows from operations.

See Note 5 to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on our debt obligations.

AAG's 2020 Results

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

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Passenger revenue	\$ 14,518	\$ 42,010	\$ (27,492)	(65.4)
Cargo revenue	769	863	(94)	(10.8)
Other operating revenue	2,050	2,895	(845)	(29.2)
Total operating revenues	17,337	45,768	(28,431)	(62.1)
Mainline and regional aircraft fuel and related taxes	3,402	9,395	(5,993)	(63.8)
Salaries, wages and benefits	10,960	12,609	(1,649)	(13.1)
Total operating expenses	27,758	42,703	(14,945)	(35.0)
Operating income (loss)	(10,421)	3,065	(13,486)	nm ⁽²⁾
Pre-tax income (loss)	(11,453)	2,256	(13,709)	nm
Income tax provision (benefit)	(2,568)	570	(3,138)	nm
Net income (loss)	(8,885)	1,686	(10,571)	nm
Pre-tax income (loss) – GAAP	\$ (11,453)	\$ 2,256	\$ (13,709)	nm
Adjusted for: Pre-tax net special items ⁽¹⁾	(796)	644	(1,440)	nm
Pre-tax income (loss) excluding net special items	<u>\$ (12,249)</u>	<u>\$ 2,900</u>	<u>\$ (15,149)</u>	nm

⁽¹⁾ See Part II, Item 6. Selected Consolidated Financial Data – “Reconciliation of GAAP to Non-GAAP Financial Measures” and Note 2 to AAG's Consolidated Financial Statements in Part II, Item 8A for details on the components of 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 \$11.5 billion and \$8.9 billion, respectively, in 2020. This compares to 2019 pre-tax income and net income of \$2.3 billion and \$1.7 billion, respectively. The year-over-year decrease in our pre-tax income was principally driven by lower revenues as a result of a severe 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 \$796 million of net special credits in 2020 driven principally by the PSP1 financial assistance (the PSP1 Financial Assistance), offset in part by severance expenses and fleet impairment charges. See Notes 1 and 2 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information on the PSP1 Financial Assistance and net special items, respectively.

Excluding the effects of pre-tax net special items, pre-tax loss was \$12.2 billion in 2020 and pre-tax income was \$2.9 billion in 2019. The year-over-year 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 2020, we reported total operating revenues of \$17.3 billion, a decrease of \$28.4 billion, or 62.1%, as compared to 2019. Passenger revenue was \$14.5 billion, a decrease of \$27.5 billion, or 65.4%, as compared to 2019. The decrease in passenger revenue in 2020 was due to a severe decline in passenger demand and government travel restrictions related to the COVID-19 pandemic, resulting in a 61.9% decrease in revenue passenger miles (RPMs) and a 20.5 point decrease in passenger load factor.

In 2020, cargo revenue was \$769 million, a decrease of \$94 million, or 10.8%, as compared to 2019, primarily due to a 44.4% decrease in cargo ton miles reflecting declines in freight volumes, principally as a result of international schedule reductions, which was offset in part by a 60.5% increase in yield as a result of rate increases.

Other operating revenue decreased \$845 million, or 29.2%, in 2020 as compared to 2019, driven primarily by lower revenue associated with our loyalty program and airport clubs.

Our total revenue per available seat mile (TRASM) was 12.11 cents in 2020, a 24.6% decrease as compared to 16.05 cents in 2019.

Fuel

Our mainline and regional fuel expense totaled \$3.4 billion in 2020, which was \$6.0 billion, or 63.8%, lower compared to 2019. This decrease was primarily driven by a 49.4% decrease in gallons of fuel consumed as a result of lower capacity and a 28.5% decrease in the average price per gallon of aircraft fuel including related taxes to \$1.48 in 2020 from \$2.07 in 2019.

As of December 31, 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. We do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, our future fuel needs remain unclear due to uncertainties regarding air travel demand and any hedging would potentially require significant capital or collateral to be placed at risk. 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, particularly as applicable to the travel industry.

Our 2020 total cost per available seat mile (CASM) was 19.39 cents, an increase of 29.4%, from 14.98 cents in 2019. Lower than planned capacity in 2020 due to decreased passenger demand and government travel restrictions related to the COVID-19 pandemic drove the increase in our CASM, offset in part by the PSP1 Financial Assistance recognized in 2020.

Our 2020 CASM excluding net special items and fuel was 17.69 cents, an increase of 54.4%, from 11.46 cents in 2019. The increase was primarily driven by lower capacity in 2020 as described above.

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

AAG's Results of Operations

As discussed above, our results of operations for 2020 were significantly impacted by the COVID-19 pandemic. As a result, the comparison of our 2020 operating statistics and financial results to 2019 are largely not meaningful. Refer to the "2020 Financial Overview" above for discussion of our 2020 financial results and the impact of the COVID-19 pandemic on our business.

For a comparison of the 2019 to 2018 reporting periods, see Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – "AAG's Results of Operations – 2019 Compared to 2018" of our 2019 Form 10-K.

Operating Statistics

The table below sets forth selected operating data for the years ended December 31, 2020 and 2019.

	Year Ended December 31,		Increase (Decrease)
	2020	2019	
Revenue passenger miles (millions) ^(a)	91,825	241,252	(61.9)%
Available seat miles (millions) ^(b)	143,167	285,088	(49.8)%
Passenger load factor (percent) ^(c)	64.1	84.6	(20.5)pts
Yield (cents) ^(d)	15.81	17.41	(9.2)%
Passenger revenue per available seat mile (cents) ^(e)	10.14	14.74	(31.2)%
Total revenue per available seat mile (cents) ^(f)	12.11	16.05	(24.6)%
Aircraft at end of period ^(g)	1,399	1,547	(9.6)%
Fuel consumption (gallons in millions)	2,297	4,537	(49.4)%
Average aircraft fuel price including related taxes (dollars per gallon)	1.48	2.07	(28.5)%
Full-time equivalent employees at end of period	102,700	133,700	(23.2)%
Operating cost per available seat mile (cents) ^(h)	19.39	14.98	29.4%

(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 22 mainline and 27 regional aircraft that are in temporary storage as follows: 22 Boeing 737-800, 18 Embraer 140, seven Embraer 175 and two Embraer 145.

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

Operating Revenues

	Year Ended December 31,		Decrease	Percent Decrease
	2020	2019		
(In millions, except percentage changes)				
Passenger	\$ 14,518	\$ 42,010	\$ (27,492)	(65.4)
Cargo	769	863	(94)	(10.8)
Other	2,050	2,895	(845)	(29.2)
Total operating revenues	\$ 17,337	\$ 45,768	\$ (28,431)	(62.1)

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

	Year Ended December 31, 2020 (In millions)	Decrease vs. Year Ended December 31, 2019					
		Passenger Revenue	RPMs	ASMs	Load Factor	Passenger Yield	PRASM
Passenger revenue	\$ 14,518	(65.4)%	(61.9)%	(49.8)%	(20.5)pts	(9.2)%	(31.2)%

Total operating revenues in 2020 decreased \$28.4 billion, or 62.1%, from 2019, primarily due to a severe decline in passenger demand and government travel restrictions related to the COVID-19 pandemic.

Operating Expenses

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
(In millions, except percentage changes)				
Aircraft fuel and related taxes	\$ 2,581	\$ 7,526	\$ (4,945)	(65.7)
Salaries, wages and benefits	10,960	12,609	(1,649)	(13.1)
Maintenance, materials and repairs	1,583	2,380	(797)	(33.5)
Other rent and landing fees	1,536	2,055	(519)	(25.3)
Aircraft rent	1,341	1,326	15	1.1
Selling expenses	513	1,602	(1,089)	(68.0)
Depreciation and amortization	2,040	1,982	58	3.0
Mainline operating special items, net	(657)	635	(1,292)	nm
Other	2,969	5,087	(2,118)	(41.6)
Regional expenses:				
Aircraft fuel and related taxes	821	1,869	(1,048)	(56.1)
Other	4,071	5,632	(1,561)	(27.7)
Total operating expenses	\$ 27,758	\$ 42,703	\$ (14,945)	(35.0)

Total operating expenses decreased \$14.9 billion, or 35.0%, in 2020 from 2019 due to our reduced schedule and cost reduction actions as described in the "2020 Financial Overview" above.

Depreciation and amortization increased \$58 million, or 3.0%, in 2020 from 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

	Year Ended December 31,	
	2020	2019
	(In millions)	
PSP1 Financial Assistance ⁽¹⁾	\$ (3,710)	\$ —
Fleet impairment ⁽²⁾	1,484	213
Severance expenses ⁽³⁾	1,408	11
Labor contract expenses ⁽⁴⁾	228	—
Mark-to-market adjustments on bankruptcy obligations, net ⁽⁵⁾	(49)	(11)
Fleet restructuring expenses ⁽⁶⁾	—	271
Merger integration expenses ⁽⁷⁾	—	191
Litigation reserve adjustments	—	(53)
Other operating special items, net	(18)	13
Mainline operating special items, net	(657)	635
PSP1 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)	\$ 641

⁽¹⁾ PSP1 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP1 Agreement. See Note 1(b) to AAG's Consolidated Financial Statements in Part II, Item 8A for further information.

⁽²⁾ The 2020 fleet impairment resulted from our decision to retire certain aircraft earlier than planned driven by the severe decline in air travel due to the COVID-19 pandemic. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. This 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. See Note 1(g) to AAG's Consolidated Financial Statements in Part II, Item 8A for further information related to these charges.

The 2019 fleet impairment principally included a non-cash write-down of aircraft related to the retirement of our Embraer 190 fleet.

⁽³⁾ The 2020 severance expenses included salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to the COVID-19 pandemic. Cash payments related to these charges for the year ended December 31, 2020 were approximately \$365 million.

The 2019 severance expenses primarily included costs associated with reductions of management and support staff team members.

⁽⁴⁾ Labor contract expenses primarily related to one-time charges resulting from the ratification of a new contract with the 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 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) Merger integration expenses included costs associated with integration projects, principally our technical operations, flight attendant, human resources and payroll systems.

Nonoperating Results

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Interest income	\$ 41	\$ 127	\$ (86)	(67.7)
Interest expense, net	(1,227)	(1,095)	(132)	12.0
Other income, net	154	159	(5)	(3.2)
Total nonoperating expense, net	<u>\$ (1,032)</u>	<u>\$ (809)</u>	<u>\$ (223)</u>	27.5

Interest income decreased in 2020 compared to 2019 primarily as a result of lower returns on our short-term investments. Interest expense, net increased in 2020 compared to 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 2020, other nonoperating income, net included \$329 million of non-service related pension and other postretirement benefit plan income. This income was offset in part by \$170 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.

In 2019, other nonoperating income, net principally included \$183 million of non-service related pension and other postretirement benefit plan income. This income was offset in part by \$32 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 2020 as compared to 2019 is principally due to an increase in the expected return on pension plan assets.

Income Taxes

In 2020, we recorded an income tax benefit of \$2.6 billion at an effective rate of approximately 22%. Substantially all of our income or loss before income taxes is attributable to the United States. At December 31, 2020, we had approximately \$16.5 billion of federal NOLs available to reduce future federal taxable income, of which \$8.5 billion will expire beginning in 2023 if unused and \$8.0 billion can be carried forward indefinitely. We also had approximately \$5.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2020, which will expire in taxable years 2020 through 2040 if unused.

In 2019, we recorded an income tax provision of \$570 million at an effective rate of approximately 25%, which was substantially non-cash.

See Note 7 to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on income taxes.

American's Results of Operations

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

For a comparison of the 2019 to 2018 reporting periods, see Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – "American's Results of Operations – 2019 Compared to 2018" of American's 2019 Form 10-K.

Operating Revenues

	Year Ended December 31,			Percent Decrease
	2020	2019	Decrease	
	(In millions, except percentage changes)			
Passenger	\$ 14,518	\$ 42,010	\$ (27,492)	(65.4)
Cargo	769	863	(94)	(10.8)
Other	2,048	2,888	(840)	(29.1)
Total operating revenues	\$ 17,335	\$ 45,761	\$ (28,426)	(62.1)

Total operating revenues in 2020 decreased \$28.4 billion, or 62.1%, from 2019, primarily due to a severe decline in passenger demand and government travel restrictions related to the COVID-19 pandemic.

Operating Expenses

	Year Ended December 31,			Percent Increase (Decrease)
	2020	2019	Increase (Decrease)	
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	\$ 2,581	\$ 7,526	\$ (4,945)	(65.7)
Salaries, wages and benefits	10,955	12,600	(1,645)	(13.1)
Maintenance, materials and repairs	1,583	2,380	(797)	(33.5)
Other rent and landing fees	1,536	2,055	(519)	(25.3)
Aircraft rent	1,341	1,326	15	1.1
Selling expenses	513	1,602	(1,089)	(68.0)
Depreciation and amortization	2,040	1,982	58	3.0
Mainline operating special items, net	(657)	635	(1,292)	nm
Other	2,991	5,090	(2,099)	(41.3)
Regional expenses:				
Aircraft fuel and related taxes	821	1,869	(1,048)	(56.1)
Other	3,855	5,649	(1,794)	(31.8)
Total operating expenses	\$ 27,559	\$ 42,714	\$ (15,155)	(35.5)

Total operating expenses decreased \$15.2 billion, or 35.5%, in 2020 from 2019 due to American's reduced schedule and cost reduction actions as described in the "2020 Financial Overview" above.

Depreciation and amortization increased \$58 million, or 3.0%, in 2020 from 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

	Year Ended December 31,	
	2020	2019
	(In millions)	
PSP1 Financial Assistance ⁽¹⁾	\$ (3,710)	\$ —
Fleet impairment ⁽²⁾	1,484	213
Severance expenses ⁽³⁾	1,408	11
Labor contract expenses ⁽⁴⁾	228	—
Mark-to-market adjustments on bankruptcy obligations, net ⁽⁵⁾	(49)	(11)
Fleet restructuring expenses ⁽⁶⁾	—	271
Merger integration expenses ⁽⁷⁾	—	191
Litigation reserve adjustments	—	(53)
Other operating special items, net	(18)	13
Mainline operating special items, net	(657)	635
PSP1 Financial Assistance ⁽¹⁾	(444)	—
Fleet impairment ⁽²⁾	106	—
Regional operating special items, net	(338)	—
Operating special items, net	\$ (995)	\$ 635

(1) PSP1 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP1 Agreement. See Note 1(b) to American's Consolidated Financial Statements in Part II, Item 8B for further information.

(2) The 2020 fleet impairment resulted from American's decision to retire certain aircraft earlier than planned driven by the severe decline in air travel due to the COVID-19 pandemic. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. This 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. See Note 1(g) to American's Consolidated Financial Statements in Part II, Item 8B for further information related to these charges.

The 2019 fleet impairment principally included a non-cash write-down of aircraft related to the retirement of American's Embraer 190 fleet.

(3) The 2020 severance expenses included salary and medical costs primarily 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 the COVID-19 pandemic. Cash payments related to these charges for the year ended December 31, 2020 were approximately \$365 million.

The 2019 severance expenses primarily included costs associated with reductions of management and support staff team members.

(4) Labor contract expenses primarily related 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.

(7) Merger integration expenses included costs associated with integration projects, principally American's technical operations, flight attendant, human resources and payroll systems.

Nonoperating Results

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Interest income	\$ 337	\$ 515	\$ (178)	(34.7)
Interest expense, net	(1,171)	(1,109)	(62)	5.6
Other income, net	155	152	3	2.3
Total nonoperating expense, net	<u>\$ (679)</u>	<u>\$ (442)</u>	<u>\$ (237)</u>	53.7

Interest income decreased in 2020 compared to 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 2020 compared to 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 2020, other nonoperating income, net included \$329 million of non-service related pension and other postretirement benefit plan income. This income was offset in part by \$170 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.

In 2019, other nonoperating income, net principally included \$183 million of non-service related pension and other postretirement benefit plan income. This income was offset in part by \$32 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 2020 as compared to 2019 is principally due to an increase in the expected return on pension plan assets.

Income Taxes

American is a member of AAG's consolidated federal and certain state income tax returns.

In 2020, American recorded an income tax benefit of \$2.5 billion at an effective rate of approximately 22%. Substantially all of American's income or loss before income taxes is attributable to the United States. At December 31, 2020, American had approximately \$16.5 billion of federal NOLs available to reduce future federal taxable income, of which \$8.9 billion will expire beginning in 2023 if unused and \$7.6 billion can be carried forward indefinitely. American also had approximately \$5.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2020, which will expire in taxable years 2020 through 2040 if unused.

In 2019, American recorded an income tax provision of \$633 million at an effective rate of approximately 24%, which was substantially non-cash.

See Note 5 to American's Consolidated Financial Statements in Part II, Item 8B for additional information on income taxes.

Liquidity and Capital Resources

Liquidity

At December 31, 2020, AAG had \$14.3 billion in total available liquidity and \$609 million in restricted cash and short-term investments. Additional detail regarding our available liquidity is provided in the table below (in millions):

	AAG		American	
	December 31,		December 31,	
	2020	2019	2020	2019
Cash	\$ 245	\$ 280	\$ 231	\$ 267
Short-term investments	6,619	3,546	6,617	3,543
Undrawn facilities	7,396	3,243	7,396	3,243
Total available liquidity	\$ 14,260	\$ 7,069	\$ 14,244	\$ 7,053

Given the actions we have taken in response to the COVID-19 pandemic and our assumptions about its future impact on travel demand, which could be materially different due to the current 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 the PSP Extension Law) and projected cash flows from operations.

Share Repurchase Programs and Cash Dividends

In 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 PSP1 and PSP2, we agreed not to repurchase shares of or make dividend payments in respect of AAG common stock through at least March 31, 2022. In addition, we have entered into the Treasury Loan Agreement, and, as a result, we are further 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 (LTV) or collateral coverage ratio covenants and require us to appraise the related collateral annually or semiannually. Pursuant to such agreements, if the LTV or collateral coverage ratio exceeds a specified threshold or if 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, or the interest rate for the financing under such agreements will be increased. As of the most recent applicable measurement dates, we were in compliance with each of the foregoing collateral coverage tests. Additionally, a significant portion 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. For further information regarding our debt covenants, see Note 5 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 3 to American's Consolidated Financial Statements in Part II, Item 8B.

Sources and Uses of Cash

For a comparison of the 2019 and 2018 reporting periods, see Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – "Sources and Uses of Cash" of our 2019 Form 10-K.

AAG

Operating Activities

Our net cash used in operating activities was \$6.5 billion in 2020 as compared to net cash provided by operating activities of \$3.8 billion in 2019. The \$10.4 billion year-over-year decrease in operating cash flows was primarily due to a net loss in 2020. The net loss was driven by lower revenues as a result of a severe 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 2020 associated with the PSP1 Financial Assistance. In 2020, we also recorded a \$1.4 billion special charge for salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs. Approximately \$365 million of this charge has been paid to team members in 2020. We expect cash payments under these programs of approximately \$600 million in 2021 with the remaining payments in 2022 and beyond.

Investing Activities

Our net cash used in investing activities was \$4.3 billion and \$2.2 billion in 2020 and 2019, respectively.

Our principal investing activities in 2020 included \$3.1 billion in net purchases of short-term investments, expenditures of \$2.0 billion for property and equipment, including 16 Airbus A321neo aircraft, eight Embraer 175 aircraft, three Bombardier CRJ900 aircraft and the harmonization of interior configurations across the mainline fleet as well as a \$308 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 \$665 million of proceeds primarily from aircraft sale-leaseback transactions, \$351 million of proceeds from the sale of property and equipment and \$90 million of proceeds from a vendor.

Our principal investing activities in 2019 included expenditures of \$4.3 billion for property and equipment, including 21 Embraer 175 aircraft, 12 Bombardier CRJ900 aircraft, 12 Airbus A321neo aircraft, four Boeing 737 MAX Family aircraft and two Boeing 787 Family aircraft. These cash outflows were offset in part by \$960 million in net sales of short-term investments, \$850 million of proceeds primarily from aircraft sale-leaseback transactions and \$250 million in proceeds from a vendor.

Financing Activities

Our net cash provided by financing activities was \$11.0 billion in 2020 as compared to net cash used in financing activities of \$1.6 billion in 2019.

Our principal financing activities in 2020 included \$11.8 billion in proceeds from the issuance of debt and \$3.0 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 PSP1 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, \$600 million in connection with the issuance of equipment notes related to EETCs and the financing of certain aircraft, \$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 \$1.7 billion of net proceeds from two underwritten public offerings of common stock and \$869 million of net proceeds from an at-the-market offering of common stock. These cash inflows were offset in part by \$3.5 billion in debt repayments, consisting of approximately \$2.5 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 \$216 million in share repurchases and dividend payments (which occurred in the first quarter of 2020).

Our principal financing activities in 2019 included \$4.2 billion in debt repayments, consisting of \$2.9 billion in scheduled debt repayments and the prepayment of \$1.3 billion of secured loans. We also had \$1.1 billion in share repurchases and \$178 million in dividend payments. These cash outflows were offset in part by \$4.0 billion in proceeds from the issuance of debt, consisting of \$3.2 billion in connection with the issuance of equipment notes related to EETCs and the financing of certain aircraft and other flight equipment, as well as the issuance of \$750 million aggregate principal amount of 5.000% senior notes.

American

Operating Activities

American's net cash used in operating activities was \$1.4 billion in 2020 as compared to net cash provided by operating activities of \$2.4 billion in 2019. The \$3.9 billion year-over-year decrease in operating cash flows was primarily due to a net loss in 2020, offset in part by intercompany cash receipts from AAG's financing transactions. The net loss was driven by lower revenues as a result of a severe 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 2020 associated with the PSP1 Financial Assistance. In 2020, American also recorded a \$1.4 billion special charge for salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs. Approximately \$365 million of this charge has been paid to team members in 2020. American expects cash payments under these programs of approximately \$600 million in 2021 with the remaining payments in 2022 and beyond.

Investing Activities

American's net cash used in investing activities was \$4.3 billion and \$2.1 billion in 2020 and 2019, respectively.

American's principal investing activities in 2020 included \$3.1 billion in net purchases of short-term investments, expenditures of \$1.9 billion for property and equipment, including 16 Airbus A321neo aircraft, eight Embraer 175 aircraft, three Bombardier CRJ900 aircraft and the harmonization of interior configurations across the mainline fleet as well as a \$308 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 \$665 million of proceeds primarily from aircraft sale-leaseback transactions, \$351 million of proceeds from the sale of property and equipment and \$90 million of proceeds from a vendor.

American's principal investing activities in 2019 included expenditures of \$4.2 billion for property and equipment, including 21 Embraer 175 aircraft, 12 Bombardier CRJ900 aircraft, 12 Airbus A321neo aircraft, four Boeing 737 MAX Family aircraft and two Boeing 787 Family aircraft. These cash outflows were offset in part by \$960 million in net sales of short-term investments, \$850 million of proceeds primarily from aircraft sale-leaseback transactions and \$250 million in proceeds from a vendor.

Financing Activities

American's net cash provided by financing activities was \$5.8 billion in 2020 as compared to net cash used in financing activities of \$282 million in 2019.

American's principal financing activities in 2020 included \$9.0 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, \$600 million in connection with the issuance of equipment notes related to EETCs and the financing of certain aircraft, \$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 \$3.0 billion in debt repayments, consisting of approximately \$2.0 billion in scheduled debt repayments and the prepayment of the \$1.0 billion Delayed Draw Term Loan Credit Facility.

American's principal financing activities in 2019 included \$3.4 billion in debt repayments, consisting of \$2.1 billion in scheduled debt repayments and the prepayment of \$1.3 billion of secured loans. These cash outflows were offset in part by \$3.2 billion in proceeds from the issuance of debt for equipment notes related to EETCs and the financing of certain aircraft and other flight equipment.

Commitments

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

	AAG	American
Long-term debt and debt covenants	Note 5	Note 3
Leases	Note 6	Note 4
Employee benefit plans	Note 10	Note 8
Commitments, contingencies and guarantees	Note 12	Note 10

Off-Balance Sheet Arrangements

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

We have no off-balance sheet arrangements of the types described in the first three categories above that we believe may have a material current or future effect on financial condition, liquidity or results of operations.

Pass-Through Trusts

American currently operates 350 owned aircraft and 24 leased aircraft, and owns 62 spare aircraft engines, which in each case were financed with EETCs issued by pass-through trusts. These trusts are off-balance sheet entities, the primary purpose of which is to finance the acquisition of flight equipment or to permit issuance of debt backed by existing flight equipment. In the case of aircraft EETCs, rather than finance each aircraft separately when such aircraft is purchased, delivered or refinanced, these trusts allow American to raise the financing for a number of aircraft at one time and, if applicable, place such funds in escrow pending a future purchase, delivery or refinancing of the relevant aircraft. Similarly, in the case of the spare engine EETCs, the trusts allow American to use its existing pool of spare engines to raise financing under a single facility. The trusts have also been structured to provide for certain credit enhancements, such as liquidity facilities to cover certain interest payments, that reduce the risks to the purchasers of the trust certificates and, as a result, reduce the cost of aircraft financing to American.

Each trust covers a set number of aircraft or spare engines scheduled to be delivered, financed or refinanced upon the issuance of the EETC or within a specific period of time thereafter. At the time of each covered aircraft or spare engine financing, the relevant trust used the proceeds of the issuance of the EETC (which may have been available at the time of issuance thereof or held in escrow until financing of the applicable aircraft following its delivery) to purchase equipment notes relating to the financed aircraft or engines. The equipment notes are issued, at American's election, in connection with a mortgage financing of the aircraft or spare engines or, in certain cases, by a separate owner trust in connection with a leveraged lease financing of the aircraft. In the case of a leveraged lease financing, the owner trust then leases the aircraft to American. In both cases, the equipment notes are secured by a security interest in the aircraft or engines, as applicable. The pass-through trust certificates are not direct obligations of, nor are they guaranteed by, AAG or American. However, in the case of mortgage financings, the equipment notes issued to the trusts are direct obligations of American and, in certain instances, have been guaranteed by AAG. As of December 31, 2020, \$11.0 billion associated with these mortgage financings is reflected as debt in the accompanying consolidated balance sheet.

With respect to leveraged leases, American evaluated whether the leases had characteristics of a variable interest entity. American concluded the leasing entities met the criteria for variable interest entities; however, American concluded it is not the primary beneficiary under these leasing arrangements and accounts for the majority of its EETC leveraged lease financings as operating leases. American's total future payments to the trusts of each of the relevant EETCs under these leveraged lease financings are \$78 million as of December 31, 2020, which are reflected in the operating lease obligations in Note 6 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 4 to American's Consolidated Financial Statements in Part II, Item 8B.

Letters of Credit and Other

We provide financial assurance, such as letters of credit, surety bonds or restricted cash and investments, primarily to support projected workers' compensation obligations and airport commitments. As of December 31, 2020, we had \$476 million of letters of credit and surety bonds securing various obligations, of which \$110 million is collateralized with our restricted cash. The letters of credit and surety bonds that are subject to expiration will expire on various dates through 2024.

Contractual Obligations

The following table provides details of our future cash contractual obligations as of December 31, 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						Total
	2021	2022	2023	2024	2025	2026 and Thereafter	
American ^(a)							
Long-term debt:							
Principal amount ^{(b), (d)} (See Note 3)	\$ 2,749	\$ 1,672	\$ 4,162	\$ 4,401	\$ 6,421	\$ 9,326	\$ 28,731
Interest obligations ^{(c), (d)}	1,161	1,065	997	900	767	800	5,690
Finance lease obligations (See Note 4)	131	136	114	120	85	89	675
Aircraft and engine purchase commitments ^(e) (See Note 10(a))	527	1,661	1,592	2,377	3,381	1,742	11,280
Operating lease commitments (See Note 4)	2,036	1,932	1,743	1,352	975	4,194	12,232
Regional capacity purchase agreements ^(f) (See Note 10(b))	1,120	1,666	1,685	1,663	1,511	3,646	11,291
Minimum pension obligations ^(g) (See Note 8)	694	553	552	580	264	31	2,674
Retiree medical and other postretirement benefits (See Note 8)	75	71	68	66	63	269	612
Other purchase obligations ^(h) (See Note 10(a))	2,278	1,282	1,184	242	163	1,047	6,196
Total American Contractual Obligations	\$ 10,771	\$ 10,038	\$ 12,097	\$ 11,701	\$ 13,630	\$ 21,144	\$ 79,381
AAG Parent and Other AAG Subsidiaries ^(a)							
Long-term debt:							
Principal amount ^(b) (See Note 5)	\$ 2	\$ 752	\$ 2	\$ 2	\$ 1,503	\$ 1,778	\$ 4,039
Interest obligations ^(c)	142	122	103	102	109	274	852
Operating lease commitments (See Note 6)	14	13	11	8	4	16	66
Minimum pension obligations ^(g) (See Note 10)	3	3	3	3	3	5	20
Total AAG Contractual Obligations	\$ 10,932	\$ 10,928	\$ 12,216	\$ 11,816	\$ 15,249	\$ 23,217	\$ 84,358

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

^(b) Amounts represent contractual amounts due. Excludes \$321 million and \$428 million of unamortized debt discount, premium and issuance costs as of December 31, 2020 for American and AAG Parent, respectively.

^(c) For variable-rate debt, future interest obligations are estimated using the current forward rates at December 31, 2020.

^(d) Includes \$11.0 billion of future principal payments and \$1.9 billion of future interest payments as of December 31, 2020, related to EETCs associated with mortgage financings of certain aircraft and spare engines.

^(e) See Part I, Item 2. Properties – "Aircraft and Engine Purchase Commitments" 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; however, the actual delivery schedule may differ from the table above, potentially materially. Additionally, the amounts in the table exclude 19 Boeing 787-8 aircraft to be delivered in 2021 for which we have obtained committed lease financing. This financing is reflected in the operating lease commitments line above.

- (f) 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.
- (g) Includes minimum pension contributions based on actuarially determined estimates as of December 31, 2020 and is based on estimated payments through 2030. 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. In January 2021, we made \$241 million of required pension contributions, including the \$130 million minimum contributions required for 2020.
- (h) Includes purchase commitments for aircraft fuel, flight equipment maintenance, construction projects 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 the COVID-19 pandemic 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 I, 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 5 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 3 to American's Consolidated Financial Statements in Part II, Item 8B for information regarding our financing arrangements.

In the past, we have from time to time refinanced, redeemed or repurchased our debt and taken other steps to reduce or otherwise manage the aggregate amount and cost of our debt, 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.

OTHER INFORMATION

Basis of Presentation

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

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. We believe our estimates and assumptions are reasonable; however, actual results could differ from those estimates. Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions. We have identified the following critical accounting policies that impact the preparation of our consolidated financial statements. See the “*Basis of Presentation and Summary of Significant Accounting Policies*” included in Note 1 to each of AAG’s and American’s Consolidated Financial Statements in Part II, Item 8A and 8B, respectively, for additional discussion of the application of these estimates and other accounting policies.

Passenger Revenue

We recognize all revenues generated from transportation on American and our regional flights operated under the brand name American Eagle, including associated baggage fees and other inflight services, as passenger revenue when transportation is provided. Ticket and other related sales for transportation that has not yet been provided are initially deferred and recorded as air traffic liability on our consolidated balance sheets. 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 majority of tickets sold are nonrefundable. A small percentage of tickets, some of which are partially used tickets, expire unused. Due to complex pricing structures, refund and exchange policies, and interline agreements with other airlines, certain amounts are recognized in passenger revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized. These estimates are generally based on the analysis of our historical data. We have consistently applied this accounting method to estimate revenue from unused tickets at the date of travel. Estimated future refunds and exchanges included in the air traffic liability are routinely evaluated based on subsequent activity to validate the accuracy of our estimates. Any adjustments resulting from periodic evaluations of the estimated air traffic liability are included in passenger revenue during the period in which the evaluations are completed. While the contract duration of passenger tickets is generally one year, in response to the COVID-19 pandemic, we extended the contract duration for certain tickets to December 31, 2021, principally those with travel scheduled from March 1, 2020 through December 31, 2020. Additionally, we have eliminated change fees for most domestic and international tickets. As of December 31, 2020, the air traffic liability included approximately \$2.6 billion of travel credits related to these unused tickets for travel prior to December 31, 2020. Accordingly, any revenue associated with these tickets will be recognized within the next 12 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.

Various taxes and fees assessed on the sale of tickets to end customers are collected by us as an agent and remitted to taxing authorities. These taxes and fees have been presented on a net basis in the accompanying consolidated statements of operations and recorded as a liability until remitted to the appropriate taxing authority. The CARES Act provided for a temporary tax holiday from collecting and remitting certain government ticket taxes for tickets purchased between March 28, 2020 and December 31, 2020.

Loyalty Revenue

We currently operate the loyalty program, AAdvantage. This program awards mileage credits to passengers who fly on American, any oneworld airline or other partner airlines, or by using the services of other program participants, such as the Citi and Barclaycard US co-branded credit cards, and certain hotels and car rental companies. Mileage credits can be redeemed for travel on American and other participating partner airlines, as well as other non-air travel awards such as hotels and rental cars. For mileage credits earned by AAdvantage loyalty program members, we apply the deferred revenue method. In response to the COVID-19 pandemic, we suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets.

Mileage credits earned through travel

For mileage credits earned through travel, we apply a relative selling price approach whereby the total amount collected from each passenger ticket sale is allocated between the air transportation and the mileage credits earned. The portion of each passenger ticket sale attributable to mileage credits earned is initially deferred and then recognized in passenger revenue when mileage credits are redeemed and transportation is provided. The estimated selling price of

mileage credits is determined using an equivalent ticket value approach, which uses historical data, including award redemption patterns by geographic region and class of service, as well as similar fares as those used to settle award redemptions. The estimated selling price of miles is adjusted for an estimate of the miles that will not be redeemed using statistical models based on historical redemption patterns to develop an estimate of the likelihood of future redemption. Given the inherent uncertainty of the current operating environment due to the COVID-19 pandemic, we will continue to monitor redemption patterns and may adjust our estimates in the future. For the year ended December 31, 2020, a hypothetical 10% increase in the estimated selling price of miles would have decreased revenues by approximately \$40 million as a result of additional amounts deferred from passenger ticket sales to be recognized in future periods.

Mileage credits sold to co-branded credit cards and other partners

We sell mileage credits to participating airline partners and non-airline business partners, including our co-branded credit card partners, under contracts with terms extending generally for one to seven years. Consideration received from the sale of mileage credits is variable and payment terms typically are within 30 days subsequent to the month of mileage sale. Sales of mileage credits to non-airline business partners are comprised of two components, transportation and marketing. We allocate the consideration received from these sales of mileage credits based on the relative selling price of each product or service delivered.

Our most significant partner agreements are our co-branded credit card agreements with Citi and Barclaycard US. We identified the following revenue elements in these co-branded credit card agreements: the transportation component; and the use of intellectual property, including the American brand and access to loyalty program member lists, which is the predominant element in the agreements, as well as advertising (collectively, the marketing component). Accordingly, we recognize the marketing component in other revenue in the period of the mileage sale following the sales-based royalty method.

The transportation component represents the estimated selling price of future travel awards and is determined using the same equivalent ticket value approach described above. The portion of each mileage credit sold attributable to transportation is initially deferred and then recognized in passenger revenue when mileage credits are redeemed and transportation is provided.

For the portion of our outstanding mileage credits that we estimate will not be redeemed, we recognize the associated value proportionally as the remaining mileage credits are redeemed. Our estimates use statistical models based on historical redemption patterns to develop an estimate of the likelihood of future redemption. For the year ended December 31, 2020, a hypothetical 10% increase in our estimate of miles not expected to be redeemed would have increased revenues by approximately \$35 million.

Long-lived Assets

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. In addition to the original cost, the recorded value of our fixed assets is impacted by a number of estimates made, including estimated useful lives, salvage values and our determination as to whether aircraft are temporarily or permanently grounded. The majority of our aircraft fleet types are depreciated over 25-30 years. It is possible that the ultimate useful lives of our aircraft will be significantly different than the current estimate due to unforeseen events in the future that impact our fleet plan. Definite-lived intangible assets are originally recorded at their acquired fair values and are subsequently amortized over their estimated useful lives.

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. An impairment of a long-lived asset or group of long-lived assets exists only when the sum of the estimated undiscounted 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. If such assets are impaired, the impairment charge recognized is the amount by which the carrying value of the assets exceeds their fair value. 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.

In 2020, our operations, liquidity and stock price were significantly impacted by decreased passenger demand and government travel restrictions due to the COVID-19 pandemic. 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, we performed impairment tests for our long-lived assets in the first three quarters of 2020.

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 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 \$1.5 billion for the year ended December 31, 2020. 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 Assets

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. We have one reporting unit. Indefinite-lived intangible assets other than goodwill consist of certain domestic airport slots and international slots and route authorities. 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. Our annual assessment date is October 1.

Goodwill and indefinite-lived intangible assets are assessed for impairment by initially performing a qualitative assessment. Under the qualitative approach, we analyze the following factors, among others, to determine if events or circumstances have affected the fair value of goodwill and indefinite-lived intangible assets: (1) negative trends in our market capitalization, (2) an increase in fuel prices, (3) declining per mile passenger yields, (4) lower passenger demand as a result of a weakened U.S. and global economy and (5) changes to the regulatory environment. If we determine that it is more likely than not that our goodwill or indefinite-lived intangible assets may be impaired, we use a quantitative approach to assess the asset's fair value and the amount of the impairment, if any.

In addition to our annual impairment assessment, we performed interim impairment tests in 2020 on our goodwill and indefinite-lived intangible assets as a result of the events and circumstances previously discussed due to the impact of the COVID-19 pandemic on our business. 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 9 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 7 to American's Consolidated Financial Statements in Part II, Item 8B. The fair value exceeded the carrying value of the reporting unit, and our \$4.1 billion of goodwill was not impaired.

We performed 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.

Pensions and Retiree Medical and Other Postretirement Benefits

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

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Our pension and retiree medical and other postretirement benefits costs and liabilities are calculated using various actuarial assumptions and methodologies. We use certain assumptions including, but not limited to, the selection of the: (1) discount rate and (2) expected return on plan assets (as discussed below). These assumptions as of December 31 were:

	2020	2019
Pension weighted average discount rate ⁽¹⁾	2.7 %	3.4 %
Retiree medical and other postretirement benefits weighted average discount rate ⁽¹⁾	2.4 %	3.3 %
Expected rate of return on plan assets ⁽²⁾	8.0 %	8.0 %

⁽¹⁾ When establishing our discount rate to measure our obligations, we match high quality corporate bonds available in the marketplace whose cash flows approximate our projected benefit disbursements. Lowering the discount rate by 50 basis points as of December 31, 2020 would increase our pension and retiree medical and other postretirement benefits obligations by approximately \$1.4 billion and \$45 million, respectively, decrease estimated 2021 pension expense by approximately \$15 million and increase estimated 2021 retiree medical and other postretirement benefits expense by less than \$1 million.

⁽²⁾ The expected rate of return on plan assets is based upon an evaluation of our historical trends and experience, taking into account current and expected market conditions and our target asset allocation of 30% fixed income securities, 24% U.S. stocks, 22% alternative (private) investments, 16% developed international stocks and 8% emerging market stocks. The expected rate of return on plan assets component of our net periodic benefit cost is calculated based on the fair value of plan assets and our target asset allocation. Lowering the expected long-term rate of return on plan assets by 50 basis points as of December 31, 2020 would increase estimated 2021 pension expense and retiree medical and other postretirement benefits expense by approximately \$70 million and \$1 million, respectively.

During 2020, we reviewed and revised certain economic and demographic assumptions including the pension and retiree medical and other postretirement benefits discount rates and health care cost trend rates. The net effect of changing these assumptions for the pension plans resulted in an increase of \$1.7 billion in the projected benefit obligation at December 31, 2020. The net effect of changing these assumptions for retiree medical and other postretirement benefits plans resulted in an increase of \$80 million in the accumulated postretirement benefit obligation at December 31, 2020. We also revised our mortality assumptions to incorporate the new improvement scale issued by the Society of Actuaries. This resulted in a decrease in our pension and retiree medical and other postretirement benefit obligations by \$140 million and \$1 million, respectively.

See Note 10 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 8 to American's Consolidated Financial Statements in Part II, Item 8B for additional information regarding our employee benefit plans.

Income Taxes

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

Our ability to use our NOL Carryforwards depends on the amount of taxable income generated in future periods. We provide a valuation allowance for our deferred tax assets when it is more likely than not that some portion, or all of our deferred tax assets, will not be realized. We consider all available positive and negative evidence and make certain assumptions in evaluating the realizability of our deferred tax assets. Many factors are considered that impact our assessment of future profitability, including conditions which are beyond our control, such as the health of the economy, the availability and price volatility of aircraft fuel and travel demand.

We presently have a \$34 million valuation allowance on certain net deferred tax assets related to state NOL Carryforwards. There can be no assurance that an additional valuation allowance on our net deferred tax assets will not be required. Such valuation allowance could be material.

Recent Accounting Pronouncements

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 consolidated financial statements.

ASU 2020-06: Accounting for Convertible Instruments and Contracts In An Entity's Own Equity (the New Convertible Debt Standard)

The New Convertible Debt Standard simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature and for 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, the New Convertible Debt Standard 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 the New Convertible Debt Standard 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. The New Convertible Debt Standard is applicable to our 6.50% convertible senior notes due 2025. We early adopted the New Convertible Debt Standard as of January 1, 2021 using the modified retrospective method to recognize our 6.50% convertible senior notes as a single liability instrument. As of January 1, 2021, we recorded a \$415 million (\$320 million net of tax) reduction to additional paid-in capital to remove the equity component of the 6.50% convertible senior notes from our balance sheet and a \$19 million cumulative effect adjustment credit, net of tax, to retained deficit related to non-cash debt discount amortization recognized in periods prior to adoption resulting in a corresponding reduction of \$389 million to the debt discount associated with the 6.50% convertible senior notes. See Note 5(h) to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on our 6.50% convertible senior notes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of fuel, foreign currency exchange rates and interest rates as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions we may take to mitigate our exposure to such changes. Therefore, actual results may differ. See Note 8 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 6 to American's Consolidated Financial Statements in Part II, Item 8B for additional discussion regarding risk management matters.

Aircraft Fuel

Our operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in our business. Because of the amount of fuel needed to operate our business, even a relatively small increase or decrease in the price of aircraft fuel can have a material effect on our operating results and liquidity. Market prices for aircraft fuel can be volatile, with market spot prices ranging from a low of approximately \$0.37 per gallon to a high of approximately \$2.35 per gallon during the period from January 1, 2018 to December 31, 2020.

As of December 31, 2020, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. We do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, our future fuel needs remain unclear due to uncertainties regarding air travel demand and any hedging would potentially require significant capital or collateral to be placed at risk. 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. Based on our 2021 forecasted fuel consumption, we estimate that a one cent per gallon increase in the price of aircraft fuel would increase our 2021 annual fuel expense by \$38 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. We estimate a uniform 10% strengthening in the value of the U.S. dollar from 2020 levels relative to each of the currencies in which we have foreign currency exposure would have resulted in a decrease in pre-tax income of approximately \$56 million for the year ended December 31, 2020.

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

Interest

Our earnings and cash flow are 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.

Our largest exposure with respect to variable-rate debt comes from changes in LIBOR. We had variable-rate debt instruments representing approximately 40% of our total long-term debt at December 31, 2020. We currently do not have an interest rate hedge program to hedge our exposure to floating interest rates on our variable-rate debt obligations. If annual interest rates increase 100 basis points, based on our December 31, 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 \$70 million. Additionally, the fair value of fixed-rate debt would have decreased by approximately \$590 million for AAG and \$450 million for American.

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. The discontinuation date for submission and publication of rates for certain tenors of USD LIBOR (1-month, 3-month, 6-month, and 12-month) is currently under consultation by the ICE Benchmark Administration (the administrator of LIBOR) and may be extended until June 30, 2023. 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, has chosen SOFR as the recommended risk-free reference rate for the U.S. (calculated based on repurchase agreements backed by treasury securities), we cannot currently predict the extent to which 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 December 31, 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 8A. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA OF AMERICAN AIRLINES GROUP INC.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
American Airlines Group Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of American Airlines Group Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholders' equity (deficit) for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 17, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Estimate of mileage credits not expected to be redeemed

As discussed in Note 1(l) to the consolidated financial statements, the Company's loyalty program awards mileage credits to passengers for flights on the Company's airline, flights on partner airlines, or for using the services of other program participants. The Company accounts for such mileage credits earned using the deferred revenue method, which includes an estimate for mileage credits not expected to be redeemed. The Company's loyalty program liability was \$9.2 billion as of December 31, 2020 and the associated passenger revenue for mileage credits redeemed for travel was \$1.1 billion for the year ended December 31, 2020.

We identified the assessment of the estimated number of mileage credits not expected to be redeemed as a critical audit matter. A high degree of auditor judgment was required to evaluate the applicability of historical data used to develop the estimate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's loyalty program accounting process, including controls related to the estimation of mileage credits not expected to be redeemed. We assessed the Company's methodology used to evaluate this estimate and determined it was consistent with historical periods. We developed an independent expectation of mileage credits not expected to be redeemed, which included consideration of industry and historical information. We compared the results of our independent expectation to the Company's recorded amount of loyalty program liability and the associated passenger revenue.

Sufficiency of audit evidence over realizability of operating loss carryforwards

As discussed in Notes 1(i) and 7 to the consolidated financial statements, the Company had \$4.0 billion of operating loss carryforwards, which are recorded as deferred tax assets at December 31, 2020. Deferred tax assets are recognized related to operating loss carryforwards that will reduce future taxable income. The Company provides a valuation allowance for deferred tax assets when it is more likely than not that some portion, or all the deferred tax assets, will not be realized. In evaluating the need for a valuation allowance, management considers the weighting of all available positive and negative evidence, which includes, among other things, the nature, frequency and severity of current and cumulative taxable income or losses, as well as future projections of profitability.

We identified the evaluation of the sufficiency of audit evidence over the realizability of operating loss carryforwards as a critical audit matter. Evaluating the sufficiency of audit evidence required subjective auditor judgment, and the involvement of tax professionals in order to assess the nature and extent of procedures performed in assessing the realizability of the operating loss carryforwards.

The following are the primary procedures we performed to address this critical audit matter. We performed risk assessment procedures and applied auditor judgment to determine the nature and extent of procedures to be performed over the income tax accounts and disclosures. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's deferred tax asset valuation allowance process, including controls related to the realizability of operating loss carryforwards. We evaluated positive and negative evidence used in assessing whether the deferred tax assets were more-likely-than-not to be realized in the future, including evaluating the nature, frequency and severity of current and cumulative taxable income or losses, as well as future projections of profitability. We evaluated the reasonableness of management's future projections of profitability considering (i) historical profitability of the Company, (ii) consistency with industry data and economic trends, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. We involved tax professionals who assisted in the evaluation of the nature, frequency and severity of current and cumulative taxable income or losses. Further, we assessed the sufficiency of audit evidence obtained over the realizability of the operating loss carryforwards by evaluating the cumulative results of the audit procedures, qualitative aspects of the Company's accounting practices, and potential bias in the accounting estimate.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Dallas, Texas
February 17, 2021

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

	Year Ended December 31,		
	2020	2019	2018
Operating revenues:			
Passenger	\$ 14,518	\$ 42,010	\$ 40,676
Cargo	769	863	1,013
Other	2,050	2,895	2,852
Total operating revenues	17,337	45,768	44,541
Operating expenses:			
Aircraft fuel and related taxes	2,581	7,526	8,053
Salaries, wages and benefits	10,960	12,609	12,251
Regional expenses	4,892	7,501	7,133
Maintenance, materials and repairs	1,583	2,380	2,050
Other rent and landing fees	1,536	2,055	1,900
Aircraft rent	1,341	1,326	1,264
Selling expenses	513	1,602	1,520
Depreciation and amortization	2,040	1,982	1,839
Special items, net	(657)	635	787
Other	2,969	5,087	5,088
Total operating expenses	27,758	42,703	41,885
Operating income (loss)	(10,421)	3,065	2,656
Nonoperating income (expense):			
Interest income	41	127	118
Interest expense, net	(1,227)	(1,095)	(1,056)
Other income, net	154	159	166
Total nonoperating expense, net	(1,032)	(809)	(772)
Income (loss) before income taxes	(11,453)	2,256	1,884
Income tax provision (benefit)	(2,568)	570	472
Net income (loss)	\$ (8,885)	\$ 1,686	\$ 1,412
Earnings (loss) per common share:			
Basic	\$ (18.36)	\$ 3.80	\$ 3.04
Diluted	\$ (18.36)	\$ 3.79	\$ 3.03
Weighted average shares outstanding (in thousands):			
Basic	483,888	443,363	464,236
Diluted	483,888	444,269	465,660
Cash dividends declared per common share	\$ 0.10	\$ 0.40	\$ 0.40

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2020	2019	2018
Net income (loss)	\$ (8,885)	\$ 1,686	\$ 1,412
Other comprehensive income (loss), net of tax:			
Pension, retiree medical and other postretirement benefits	(772)	(438)	(117)
Investments	—	3	(3)
Total other comprehensive loss, net of tax	(772)	(435)	(120)
Total comprehensive income (loss)	\$ (9,657)	\$ 1,251	\$ 1,292

See accompanying notes to consolidated financial statements.

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

	December 31,	
	2020	2019
ASSETS		
Current assets		
Cash	\$ 245	\$ 280
Short-term investments	6,619	3,546
Restricted cash and short-term investments	609	158
Accounts receivable, net	1,342	1,750
Aircraft fuel, spare parts and supplies, net	1,614	1,851
Prepaid expenses and other	666	621
Total current assets	11,095	8,206
Operating property and equipment		
Flight equipment	37,816	42,537
Ground property and equipment	9,194	9,443
Equipment purchase deposits	1,446	1,674
Total property and equipment, at cost	48,456	53,654
Less accumulated depreciation and amortization	(16,757)	(18,659)
Total property and equipment, net	31,699	34,995
Operating lease right-of-use assets	8,039	8,737
Other assets		
Goodwill	4,091	4,091
Intangibles, net of accumulated amortization of \$745 and \$704, respectively	2,029	2,084
Deferred tax asset	3,239	645
Other assets	1,816	1,237
Total other assets	11,175	8,057
Total assets	\$ 62,008	\$ 59,995
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Current maturities of long-term debt and finance leases	\$ 2,797	\$ 2,861
Accounts payable	1,196	2,062
Accrued salaries and wages	1,716	1,541
Air traffic liability	4,757	4,808
Loyalty program liability	2,033	3,193
Operating lease liabilities	1,651	1,708
Other accrued liabilities	2,419	2,138
Total current liabilities	16,569	18,311
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	29,796	21,454
Pension and postretirement benefits	7,069	6,052
Loyalty program liability	7,162	5,422
Operating lease liabilities	6,777	7,421
Other liabilities	1,502	1,453
Total noncurrent liabilities	52,306	41,802
Commitments and contingencies (Note 12)		
Stockholders' equity (deficit)		
Common stock, \$0.01 par value; 1,750,000,000 shares authorized, 621,479,522 shares issued and outstanding at December 31, 2020; 428,202,506 shares issued and outstanding at December 31, 2019	6	4
Additional paid-in capital	6,894	3,945
Accumulated other comprehensive loss	(7,103)	(6,331)
Retained earnings (deficit)	(6,664)	2,264
Total stockholders' deficit	(6,867)	(118)
Total liabilities and stockholders' equity (deficit)	\$ 62,008	\$ 59,995

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income (loss)	\$ (8,885)	\$ 1,686	\$ 1,412
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,370	2,318	2,159
Net gains from sale of property and equipment and sale-leaseback transactions	(95)	(112)	(59)
Special items, net non-cash	1,599	376	458
Pension and postretirement	(319)	(178)	(300)
Deferred income tax provision (benefit)	(2,568)	560	440
Share-based compensation	91	94	86
Other, net	47	(62)	(97)
Changes in operating assets and liabilities:			
Decrease in accounts receivable	538	73	222
Increase in other assets	(38)	(373)	(390)
Increase (decrease) in accounts payable and accrued liabilities	(626)	327	(147)
Increase (decrease) in air traffic liability	(51)	469	297
Increase (decrease) in loyalty program liability	580	76	(283)
Contributions to pension plans	(9)	(1,230)	(475)
Increase (decrease) in other liabilities	823	(209)	210
Net cash provided by (used in) operating activities	(6,543)	3,815	3,533
Cash flows from investing activities:			
Capital expenditures and aircraft purchase deposits	(1,958)	(4,268)	(3,745)
Proceeds from sale-leaseback transactions	665	850	1,096
Proceeds from sale of property and equipment	351	54	111
Purchases of short-term investments	(5,873)	(3,184)	(3,412)
Sales of short-term investments	2,803	4,144	3,705
Proceeds from vendor	90	250	—
Decrease (increase) in restricted short-term investments	(308)	(3)	72
Proceeds from sale of investments	41	—	207
Other investing activities	(153)	(86)	(7)
Net cash used in investing activities	(4,342)	(2,243)	(1,973)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	11,780	3,960	2,354
Payments on long-term debt and finance leases	(3,535)	(4,190)	(2,941)
Proceeds from issuance of equity	2,970	—	—
Deferred financing costs	(93)	(61)	(59)
Treasury stock repurchases and shares withheld for taxes pursuant to employee stock plans	(173)	(1,097)	(837)
Dividend payments	(43)	(178)	(186)
Other financing activities	88	(2)	(3)
Net cash provided by (used in) financing activities	10,994	(1,568)	(1,672)
Net increase (decrease) in cash and restricted cash	109	4	(112)
Cash and restricted cash at beginning of year	290	286	398
Cash and restricted cash at end of year ^(a)	\$ 399	\$ 290	\$ 286

^(a) The following table provides a reconciliation of cash and restricted cash to amounts reported within the consolidated balance sheets:

Cash	\$ 245	\$ 280	\$ 275
Restricted cash included in restricted cash and short-term investments	154	10	11
Total cash and restricted cash	\$ 399	\$ 290	\$ 286

See accompanying notes to consolidated financial statements.

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

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Balance at December 31, 2017	\$ 5	\$ 5,714	\$ (5,776)	\$ (723)	\$ (780)
Net income	—	—	—	1,412	1,412
Other comprehensive loss, net	—	—	(120)	—	(120)
Issuance of 1,709,140 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(37)	—	—	(37)
Purchase and retirement of 16,606,157 shares of AAG common stock	—	(799)	—	—	(799)
Dividends declared on AAG common stock (\$0.40 per share)	—	—	—	(188)	(188)
Share-based compensation expense	—	86	—	—	86
Impact of adoption of Accounting Standards Update (ASU) 2016-01 related to financial instruments	—	—	—	60	60
Impact of adoption of ASU 2016-02 related to leases	—	—	—	197	197
Balance at December 31, 2018	<u>5</u>	<u>4,964</u>	<u>(5,896)</u>	<u>758</u>	<u>(169)</u>
Net income	—	—	—	1,686	1,686
Other comprehensive loss, net	—	—	(435)	—	(435)
Issuance of 1,682,202 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(25)	—	—	(25)
Purchase and retirement of 34,090,566 shares of AAG common stock	(1)	(1,095)	—	—	(1,096)
Dividends declared on AAG common stock (\$0.40 per share)	—	—	—	(180)	(180)
Settlement of single-dip unsecured claims held in Disputed Claims Reserve	—	7	—	—	7
Share-based compensation expense	—	94	—	—	94
Balance at December 31, 2019	<u>4</u>	<u>3,945</u>	<u>(6,331)</u>	<u>2,264</u>	<u>(118)</u>
Net loss	—	—	—	(8,885)	(8,885)
Other comprehensive loss, net	—	—	(772)	—	(772)
Issuance of PSP1 Warrants (see Note 1(b))	—	63	—	—	63
Issuance of Treasury Loan Warrants (see Note 1(b))	—	25	—	—	25
Issuance of 1,603,554 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(15)	—	—	(15)
Issuance of 129,490,000 shares of AAG common stock pursuant to public stock offerings, net of offering costs	1	1,686	—	—	1,687
Issuance of 68,561,487 shares of AAG common stock pursuant to an at-the-market offering, net of offering costs	1	868	—	—	869
Equity component of convertible debt issued, net of tax and offering costs	—	320	—	—	320
Purchase and retirement of 6,378,025 shares of AAG common stock	—	(145)	—	—	(145)
Dividends declared on AAG common stock (\$0.10 per share)	—	—	—	(43)	(43)
Settlement of single-dip unsecured claims held in Disputed Claims Reserve	—	56	—	—	56
Share-based compensation expense	—	91	—	—	91
Balance at December 31, 2020	<u>\$ 6</u>	<u>\$ 6,894</u>	<u>\$ (7,103)</u>	<u>\$ (6,664)</u>	<u>\$ (6,867)</u>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

1. Basis of Presentation and Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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, testing regimes, closing of borders, “stay at home” 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 62% in 2020 as compared to 2019. While the length and severity of the reduction in demand due to the COVID-19 pandemic is uncertain, our business, operations and financial condition in 2020 were severely impacted.

We have taken aggressive actions to mitigate the effects of the COVID-19 pandemic 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 Act (CARES Act).

Capacity Reductions

We have significantly reduced our capacity (as measured by available seat miles), with 2020 flying decreasing by 50% year-over-year. Domestic capacity in 2020 was down 41% year-over-year while international capacity was down 68% 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 observed booking trends 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 1(g) below 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.*Cost Reductions*

We moved quickly to better align our costs with our reduced schedule. In aggregate, we estimate that we reduced our 2020 operating and capital expenditures by more than \$17 billion. These savings were achieved primarily through capacity reductions. In addition, we implemented a series of actions, including the accelerated fleet retirements discussed above as well as reductions in maintenance expense and \$700 million in non-aircraft capital expenditures through less fleet modification work, the elimination of ground service equipment purchases and pausing non-critical facility investments and information technology projects. We 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 and decreased our management and support staff team, including officers, by approximately 30%. In total, more than 20,000 team members have opted for an early retirement or long-term partially paid leave. Additionally, we have made reductions in marketing, contractor, event and training expenses as well as consolidated space at airport facilities.

Due to the effects of the COVID-19 pandemic, we involuntarily furloughed certain team members starting October 1, 2020, and subsequently recalled the team members effective December 1, 2020 covered by the financial assistance provided pursuant to the payroll support program (PSP2) established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law) (see Note 18 for further information).

Liquidity

As of December 31, 2020, we had \$14.3 billion in total available liquidity, consisting of \$6.9 billion in unrestricted cash and short-term investments, \$7.0 billion in an undrawn term loan facility under the CARES Act and a total of \$446 million in undrawn short-term revolving and other facilities.

During 2020, we completed the following financing transactions (see Note 5 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;
- issued \$500 million in aggregate principal amount of 3.75% unsecured senior notes due 2025;
- raised \$1.0 billion from the senior secured delayed draw term loan credit facility (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 \$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 and 44.3 million shares of AAG common stock at a price of \$12.975 per share pursuant to two underwritten public offerings of common stock for aggregate net proceeds of \$1.7 billion;
- issued \$2.5 billion in aggregate principal amount of 11.75% senior secured notes due 2025 and used the proceeds thereof, in part, to repay the \$1.0 billion 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 \$7.5 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;
- issued 68.6 million shares of AAG common stock at an average price of \$12.87 per share pursuant to an at-the-market offering for net proceeds of \$869 million (see Note 18 for further information);
- raised \$665 million principally from aircraft sale-leaseback transactions as well as \$351 million from asset sales primarily related to previously parked aircraft; and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

- received approximately \$600 million of proceeds 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 received an aggregate of \$6.0 billion in financial assistance through the payroll support program (PSP1) established under the CARES Act, all of which was received by the end of September 2020. In connection with our receipt of this financial assistance, AAG issued a promissory note (the PSP1 Promissory Note) to Treasury for \$1.8 billion in aggregate principal amount and warrants to purchase up to an aggregate of approximately 14.1 million shares (the PSP1 Warrant Shares) of AAG common stock. See below for further discussion on PSP1.

In January 2021, we received \$1.5 billion (of an expected total of at least \$3.0 billion) in financial assistance through PSP2. In connection with our receipt of this financial assistance, AAG issued a promissory note (the PSP2 Promissory Note) to Treasury for an initial principal sum of approximately \$433 million and warrants to purchase up to an aggregate of approximately 2.8 million shares (the PSP2 Warrant Shares) of AAG common stock. See Note 18 for further discussion on PSP2.

Also, we are permitted to, and have, deferred 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 provided approximately \$350 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 and the PSP Extension Law are applicable.

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

A significant portion 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, collateral coverage and/or debt service coverage ratio covenants.

Given the above actions and our current assumptions about the future impact of the COVID-19 pandemic 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 the PSP Extension Law) and projected cash flows from operations.

PSP1

On April 20, 2020 (the PSP1 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), entered into a Payroll Support Program Agreement (the PSP1 Agreement) with Treasury, with respect to PSP1 provided pursuant to the CARES Act. In connection with our entry into the PSP1 Agreement, on the PSP1 Closing Date, AAG also entered into a warrant agreement (the PSP1 Warrant Agreement) with Treasury and issued the PSP1 Promissory Note to Treasury, with the Subsidiaries as guarantors (the Guarantors).

PSP1 Agreement

In connection with PSP1, we are required to comply with the relevant provisions of the CARES Act, including the requirement that funds provided pursuant to the PSP1 Agreement be used exclusively for the continuation of payment of eligible 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 at least September 30, 2021, as well as those that restrict the payment of certain executive compensation until March 24, 2022. The PSP1 Agreement also imposes substantial reporting obligations on us. These provisions were subsequently extended upon our entry into PSP2. See Note 18 for further discussion on PSP2. In addition, we have entered into the Treasury Loan Agreement (as defined below) and, as a result, the stock repurchase, dividend and executive compensation restrictions imposed by the Treasury Loan Agreement will remain in place through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid. See below for additional information on the Treasury Loan Agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Pursuant to the PSP1 Agreement, Treasury provided us financial assistance in an aggregate of approximately \$6.0 billion. As partial compensation to the U.S. Government for the provision of financial assistance under PSP1, AAG issued the PSP1 Promissory Note in an aggregate principal amount of approximately \$1.8 billion and issued warrants (each a PSP1 Warrant and, collectively, the PSP1 Warrants) to Treasury to purchase up to an aggregate of approximately 14.1 million PSP1 Warrant Shares. See Note 5 for further information on the PSP1 Promissory Note and below for more information on the PSP1 Warrant Agreement and the PSP1 Warrants.

For accounting purposes, the \$6.0 billion of aggregate financial assistance we received pursuant to the PSP1 Agreement is allocated to the PSP1 Promissory Note, the PSP1 Warrants and other PSP1 financial assistance (the PSP1 Financial Assistance). The aggregate principal amount of approximately \$1.8 billion of the PSP1 Promissory Note was recorded as unsecured long-term debt, and the total fair value of the PSP1 Warrants of \$63 million, estimated using a Black-Scholes option pricing model, was recorded in stockholders' equity in the consolidated balance sheet. The remaining amount of approximately \$4.2 billion of PSP1 Financial Assistance was recognized as a credit to special items, net in the consolidated statement of operations in the second and third quarters of 2020, the period over which the continuation of payment of eligible employee wages, salaries and benefits was required.

PSP1 Warrant Agreement and PSP1 Warrants

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP1 Agreement, and pursuant to the PSP1 Warrant Agreement, AAG agreed to issue warrants to Treasury to purchase up to an aggregate of approximately 14.1 million PSP1 Warrant Shares of AAG common stock. The exercise price of the PSP1 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) subject to certain anti-dilution provisions provided for in the PSP1 Warrants.

Pursuant to the PSP1 Warrant Agreement, on each of the PSP1 Closing Date, May 29, 2020, June 30, 2020, July 30, 2020 and September 30, 2020, AAG issued to Treasury a PSP1 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 PSP1 Warrants do not have any voting rights and are freely transferrable, with registration rights. Each PSP1 Warrant expires on the fifth anniversary of the date of issuance of such PSP1 Warrant. The PSP1 Warrants will be exercisable either through net share settlement or cash, at our option. The PSP1 Warrants were issued solely as compensation to the U.S. Government related to entry into the PSP1 Agreement. No separate proceeds (apart from the financial assistance described above) were received upon issuance of the PSP1 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 provided 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, which increased the borrowing amount to 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 December 31, 2020, American had 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 5 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, 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 consolidated balance sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

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 \$12.51, the exercise price of such shares.

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*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 consolidated financial statements.

ASU 2020-06: Accounting for Convertible Instruments and Contracts In An Entity's Own Equity (the New Convertible Debt Standard)

The New Convertible Debt Standard simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature and for 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, the New Convertible Debt Standard 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 the New Convertible Debt Standard 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. The New Convertible Debt Standard is applicable to our 6.50% convertible senior notes due 2025. We early adopted the New Convertible Debt Standard as of January 1, 2021 using the modified retrospective method to recognize our 6.50% convertible senior notes as a single liability instrument. As of January 1, 2021, we recorded a \$415 million (\$320 million net of tax) reduction to additional paid-in capital to remove the equity component of the 6.50% convertible senior notes from our balance sheet and a \$19 million cumulative effect adjustment credit, net of tax, to retained deficit related to non-cash debt discount amortization recognized in periods prior to adoption resulting in a corresponding reduction of \$389 million to the debt discount associated with the 6.50% convertible senior notes. See Note 5(h) for additional information on our 6.50% convertible senior notes.

(d) Short-term Investments

Short-term investments are classified as available-for-sale and stated at fair value. Realized gains and losses are recorded in nonoperating expense on our consolidated statements of operations. Unrealized gains and losses are recorded in accumulated other comprehensive loss on our consolidated balance sheets. For investments in an unrealized loss position, we determine whether a credit loss exists by considering information about the collectability of the instrument, current market conditions and reasonable and supportable forecasts of economic conditions. There have been no credit losses.

(e) Restricted Cash and Short-term Investments

We have restricted cash and short-term investments related primarily to 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

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

Aircraft fuel is recorded on a first-in, first-out basis. Spare parts and supplies are recorded at average costs less an allowance for obsolescence. These items are expensed when used.

(g) Operating Property and Equipment

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

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

Total depreciation and amortization expense was \$2.4 billion, \$2.6 billion and \$2.4 billion for the years ended December 31, 2020, 2019 and 2018, respectively.

We assess impairment of operating property and equipment when events and circumstances indicate that the assets may be impaired. An impairment of an asset or group of assets exists only when the sum of the estimated undiscounted 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. If such assets are impaired, the impairment charge recognized is the amount by which the carrying value of the assets exceed their fair value. 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.

In 2020, our operations, liquidity and stock price were significantly impacted by decreased passenger demand and government travel restrictions due to the COVID-19 pandemic. 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 certain regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft. As a result of these events and circumstances, we performed impairment tests for our long-lived assets in the first three quarters of 2020.

As a result of the impairment tests performed, we determined the sum of the estimated undiscounted future cash flows exceeded the carrying value except for the aircraft being retired earlier than planned as discussed above. For those aircraft and certain related spare parts, we recorded \$1.5 billion in non-cash special impairment charges reflecting the difference between the carrying values of these assets and their fair values for the year ended December 31, 2020. At December 31, 2020, prepaid expense and other on the consolidated balance sheet included \$164 million of these retired aircraft that are expected to be sold in the next year, and other assets on the consolidated balance sheet included \$401 million of nonoperating retired aircraft. 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.

(h) Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities and noncurrent operating lease liabilities in our consolidated balance sheet. Finance leases are included in property and equipment, current maturities of long-term debt and finance leases and long-term debt and finance leases, net of current maturities, in our consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

We use our estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. We give consideration to our recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating our incremental borrowing rates.

Our lease term includes options to extend the lease when it is reasonably certain that we will exercise that option. Leases with a term of 12 months or less are not recorded on the balance sheet. Our lease agreements do not contain any residual value guarantees.

Under certain of our capacity purchase agreements with third-party regional carriers, we do not own the underlying aircraft. However, since we control the marketing, scheduling, ticketing, pricing and seat inventories of these aircraft and therefore control the asset, the aircraft is deemed to be leased for accounting purposes. For these capacity purchase agreements, we account for the lease and non-lease components separately. The lease component consists of the aircraft and the non-lease components consist of services, such as the crew and maintenance. We allocate the consideration in the capacity purchase agreements to the lease and non-lease components using their estimated relative standalone prices. See Note 12(b) for additional information on our capacity purchase agreements.

For real estate, we account for the lease and non-lease components as a single lease component.

(i) Income Taxes

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

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

(j) Goodwill

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. We have one reporting unit. We assess goodwill for impairment annually or more frequently if events or circumstances indicate that the fair value of goodwill may be lower than the carrying value. Our annual assessment date is October 1.

Goodwill is assessed for impairment by initially performing a qualitative assessment. If we determine that it is more likely than not that our goodwill may be impaired, we use a quantitative approach to assess the asset's fair value and the amount of the impairment, if any.

In addition to our annual impairment assessment, we performed interim impairment tests in 2020 on our goodwill as a result of the events and circumstances previously discussed due to the impact of the COVID-19 pandemic on our business. 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 9. The fair value exceeded the carrying value of the reporting unit, and our goodwill was not impaired. The carrying value of our goodwill on our consolidated balance sheets was \$4.1 billion as of December 31, 2020 and 2019.

As discussed above, due to the inherent uncertainties of the current operating environment, we will continue to evaluate our goodwill for events and circumstances that indicate that the fair value of the reporting unit may be lower than the carrying value.

(k) Other Intangibles, Net

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Definite-Lived Intangible Assets

Definite-lived intangible assets are originally recorded at their acquired fair values, subsequently amortized over their respective estimated useful lives and are assessed for impairment whenever events and circumstances indicate that the assets may be impaired.

The following table provides information relating to our amortizable intangible assets as of December 31, 2020 and 2019 (in millions):

	December 31,	
	2020	2019
Domestic airport slots	\$ 365	\$ 365
Customer relationships	300	300
Marketing agreements	105	105
Tradenames	35	35
Airport gate leasehold rights	137	137
Accumulated amortization	(745)	(704)
Total	<u>\$ 197</u>	<u>\$ 238</u>

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

We recorded amortization expense related to these intangible assets of \$41 million for each of the years ended December 31, 2020, 2019 and 2018. We expect to record annual amortization expense for these intangible assets as follows (in millions):

2021	\$ 41
2022	41
2023	7
2024	7
2025	7
2026 and thereafter	94
Total	<u>\$ 197</u>

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets include certain domestic airport slots and international slots and route authorities. We assess indefinite-lived intangible assets for impairment annually or more frequently if events or circumstances indicate that the fair values of indefinite-lived intangible assets may be lower than their carrying values. Our annual assessment date is October 1.

Indefinite-lived intangible assets are assessed for impairment by initially performing a qualitative assessment. If we determine that it is more likely than not that our indefinite-lived intangible assets may be impaired, we use a quantitative approach to assess the asset's fair value and the amount of the impairment, if any.

In addition to our annual impairment assessment, we performed interim impairment tests in 2020 on our indefinite-lived intangible assets as a result of the events and circumstances previously discussed due to the impact of the COVID-19 pandemic on our business. We performed qualitative impairment tests on our indefinite-lived intangible assets and determined there was no material impairment. We had \$1.8 billion of indefinite-lived intangible assets on our consolidated balance sheets at each of December 31, 2020 and 2019.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
(I) Revenue Recognition
Revenue

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

	Year Ended December 31,		
	2020	2019	2018
Passenger revenue:			
Passenger travel	\$ 13,456	\$ 38,831	\$ 37,457
Loyalty revenue - travel ⁽¹⁾	1,062	3,179	3,219
Total passenger revenue	14,518	42,010	40,676
Cargo	769	863	1,013
Other:			
Loyalty revenue - marketing services	1,825	2,361	2,352
Other revenue	225	534	500
Total other revenue	2,050	2,895	2,852
Total operating revenues	\$ 17,337	\$ 45,768	\$ 44,541

⁽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. See "Loyalty Revenue" below for further discussion on these mileage credits.

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

	Year Ended December 31,		
	2020	2019	2018
Domestic	\$ 11,765	\$ 30,881	\$ 29,573
Latin America	1,852	5,047	5,125
Atlantic	654	4,624	4,376
Pacific	247	1,458	1,602
Total passenger revenue	\$ 14,518	\$ 42,010	\$ 40,676

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

Passenger Revenue

We recognize all revenues generated from transportation on American and our regional flights operated under the brand name American Eagle, including associated baggage fees and other inflight services, as passenger revenue when transportation is provided. Ticket and other related sales for transportation that has not yet been provided are initially deferred and recorded as air traffic liability on our consolidated balance sheets. 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 majority of tickets sold are nonrefundable. A small percentage of tickets, some of which are partially used tickets, expire unused. Due to complex pricing structures, refund and exchange policies, and interline agreements with other airlines, certain amounts are recognized in passenger revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized. These estimates are generally based on the analysis of our historical data. We have consistently applied this accounting method to estimate revenue from unused tickets at the date of travel. Estimated future refunds and exchanges included in the air traffic liability are routinely evaluated based on subsequent activity to validate the accuracy of our estimates. Any adjustments resulting from periodic evaluations of the estimated air traffic liability are included in passenger revenue during the period in which the evaluations are completed.

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

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provided for a temporary tax holiday from collecting and remitting certain government ticket taxes for tickets purchased between March 28, 2020 and December 31, 2020.

Loyalty Revenue

We currently operate the loyalty program, AAdvantage. This program awards mileage credits to passengers who fly on American, any oneworld airline or other partner airlines, or by using the services of other program participants, such as the Citi and Barclaycard US co-branded credit cards, and certain hotels and car rental companies. Mileage credits can be redeemed for travel on American and other participating partner airlines, as well as other non-air travel awards such as hotels and rental cars. For mileage credits earned by AAdvantage loyalty program members, we apply the deferred revenue method. In response to the COVID-19 pandemic, we suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets.

Mileage credits earned through travel

For mileage credits earned through travel, we apply a relative selling price approach whereby the total amount collected from each passenger ticket sale is allocated between the air transportation and the mileage credits earned. The portion of each passenger ticket sale attributable to mileage credits earned is initially deferred and then recognized in passenger revenue when mileage credits are redeemed and transportation is provided. The estimated selling price of mileage credits is determined using an equivalent ticket value approach, which uses historical data, including award redemption patterns by geographic region and class of service, as well as similar fares as those used to settle award redemptions. The estimated selling price of miles is adjusted for an estimate of the miles that will not be redeemed using statistical models based on historical redemption patterns to develop an estimate of the likelihood of future redemption. Given the inherent uncertainty of the current operating environment due to the COVID-19 pandemic, we will continue to monitor redemption patterns and may adjust our estimates in the future.

Mileage credits sold to co-branded credit cards and other partners

We sell mileage credits to participating airline partners and non-airline business partners, including our co-branded credit card partners, under contracts with terms extending generally for one to seven years. Consideration received from the sale of mileage credits is variable and payment terms typically are within 30 days subsequent to the month of mileage sale. Sales of mileage credits to non-airline business partners are comprised of two components, transportation and marketing. We allocate the consideration received from these sales of mileage credits based on the relative selling price of each product or service delivered.

Our most significant partner agreements are our co-branded credit card agreements with Citi and Barclaycard US. We identified the following revenue elements in these co-branded credit card agreements: the transportation component; and the use of intellectual property, including the American brand and access to loyalty program member lists, which is the predominant element in the agreements, as well as advertising (collectively, the marketing component). Accordingly, we recognize the marketing component in other revenue in the period of the mileage sale following the sales-based royalty method.

The transportation component represents the estimated selling price of future travel awards and is determined using the same equivalent ticket value approach described above. The portion of each mileage credit sold attributable to transportation is initially deferred and then recognized in passenger revenue when mileage credits are redeemed and transportation is provided.

For the portion of our outstanding mileage credits that we estimate will not be redeemed, we recognize the associated value proportionally as the remaining mileage credits are redeemed. Our estimates use statistical models based on historical redemption patterns to develop an estimate of the likelihood of future redemption.

Cargo Revenue

Cargo revenue is recognized when we provide the transportation.

Other Revenue

Other revenue includes revenue associated with our loyalty program, which is comprised principally of the marketing component of mileage sales to co-branded credit card and other partners and other marketing related payments. Loyalty revenue included in other revenue was \$1.8 billion for the year ended December 31, 2020 and \$2.4 billion for both 2019 and 2018. The accounting and recognition for the loyalty program marketing services are discussed above in "Loyalty

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Revenue.” The remaining amounts included within other revenue relate to airport clubs, advertising and vacation-related services.

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 our consolidated balance sheets and (2) ticket sales for transportation that has not yet been provided, reported as air traffic liability on our consolidated balance sheets.

	December 31,	
	2020	2019
	(in millions)	
Loyalty program liability	\$ 9,195	\$ 8,615
Air traffic liability	4,757	4,808
Total	\$ 13,952	\$ 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	1,812
Recognition of revenue ⁽¹⁾	(1,232)
Balance at December 31, 2020 ⁽²⁾	<u>\$ 9,195</u>

⁽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. As previously discussed, in response to the COVID-19 pandemic, we suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets. As of December 31, 2020, our current loyalty program liability was \$2.0 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 the COVID-19 pandemic, 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 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 the COVID-19 pandemic, we extended the contract duration for certain tickets to December 31, 2021, principally those with travel scheduled from March 1, 2020 through December 31, 2020. Additionally, we have eliminated change fees for most domestic and international tickets. As of December 31, 2020, the air traffic liability included approximately \$2.6 billion of travel credits related to these unused tickets for travel prior to December 31, 2020. Accordingly, any revenue associated with these tickets will be recognized within the next 12 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.

Our ticket contract receivables relate to ticket sales to individual passengers primarily through the use of major credit cards and are reflected as accounts receivable, net on the accompanying consolidated balance sheets. These receivables are short-term, mostly settled within seven days after sale. All accounts receivable are reported net of an allowance for

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credit losses, which have been minimal in the past. We consider past and future financial and qualitative factors when establishing the allowance for credit losses.

(m) Maintenance, Materials and Repairs

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

(n) Selling Expenses

Selling expenses include credit card fees, commissions, computerized reservations systems fees and advertising. Selling expenses associated with passenger revenue are expensed when the transportation or service is provided. Advertising costs are expensed as incurred. Advertising expense was \$50 million, \$129 million and \$128 million for the years ended December 31, 2020, 2019 and 2018, respectively.

(o) Share-based Compensation

We account for our share-based compensation expense based on the fair value of the stock award at the time of grant, which is recognized ratably over the vesting period of the stock award. The majority of our stock awards are time vested restricted stock units, and the fair value of such awards is based on the market price of the underlying shares of AAG common stock on the date of grant. See Note 15 for further discussion of share-based compensation.

(p) Foreign Currency Gains and Losses

Foreign currency gains and losses are recorded as part of other income, net within total nonoperating expense, net in our consolidated statements of operations. For the years ended December 31, 2020, 2019 and 2018, respectively, foreign currency losses were \$24 million, \$32 million and \$55 million.

(q) Other Operating Expenses

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

(r) Regional Expenses

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

	Year Ended December 31,		
	2020	2019	2018
Aircraft fuel and related taxes	\$ 821	\$ 1,869	\$ 1,843
Salaries, wages and benefits	1,591	1,781	1,591
Capacity purchases from third-party regional carriers ⁽¹⁾	1,054	1,398	1,431
Maintenance, materials and repairs	314	403	340
Other rent and landing fees	496	651	610
Aircraft rent	13	29	32
Selling expenses	153	402	369
Depreciation and amortization	325	336	318
Special items, net	(309)	6	6
Other	434	626	593
Total regional expenses	\$ 4,892	\$ 7,501	\$ 7,133

⁽¹⁾ In 2020, 2019, and 2018, we recognized \$438 million, \$590 million and \$565 million, respectively, of expense under our capacity purchase agreement with Republic Airways Inc. (Republic). We hold a 25% equity interest in Republic Airways Holdings Inc. (Republic Holdings), the parent company of Republic.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
2. Special Items, Net

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

	Year Ended December 31,		
	2020	2019	2018
PSP1 Financial Assistance ⁽¹⁾	\$ (3,710)	\$ —	\$ —
Fleet impairment ⁽²⁾	1,484	213	—
Severance expenses ⁽³⁾	1,408	11	58
Labor contract expenses ⁽⁴⁾	228	—	13
Mark-to-market adjustments on bankruptcy obligations, net ⁽⁵⁾	(49)	(11)	(76)
Fleet restructuring expenses ⁽⁶⁾	—	271	422
Merger integration expenses ⁽⁷⁾	—	191	268
Litigation reserve adjustments	—	(53)	45
Intangible asset impairment ⁽⁸⁾	—	—	26
Other operating special items, net	(18)	13	31
Mainline operating special items, net	(657)	635	787
PSP1 Financial Assistance ⁽¹⁾	(444)	—	—
Fleet impairment ⁽²⁾	117	—	—
Severance expenses ⁽³⁾	18	—	—
Other operating special items, net	—	6	6
Regional operating special items, net	(309)	6	6
Operating special items, net	(966)	641	793
Mark-to-market adjustments on equity and other investments, net ⁽⁹⁾	135	(5)	104
Debt refinancing, extinguishment and other, net	35	8	9
Nonoperating special items, net	170	3	113
Income tax special items ⁽¹⁰⁾	—	—	18

⁽¹⁾ PSP1 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP1 Agreement. See Note 1(b) for further information.

⁽²⁾ The 2020 fleet impairment resulted from our decision to retire certain aircraft earlier than planned driven by the severe decline in air travel due to the COVID-19 pandemic. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. This 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. See Note 1(g) for further information related to these charges.

The 2019 fleet impairment principally included a non-cash write-down of aircraft related to the retirement of our Embraer 190 fleet.

⁽³⁾ The 2020 severance expenses included salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to the COVID-19 pandemic. Cash payments related to these charges for the year ended December 31, 2020 were approximately \$365 million.

The 2019 and 2018 severance expenses primarily included costs associated with reductions of management and support staff team members.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

- (4) The 2020 labor contract expenses primarily related 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 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) Merger integration expenses included costs associated with integration projects, principally our technical operations, flight attendant, human resources and payroll systems.
- (8) Intangible asset impairment included a non-cash charge to write-off our Brazil route authority as a result of the U.S.-Brazil open skies agreement.
- (9) Mark-to-market adjustments on equity and other investments, net primarily related 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.
- (10) Income tax special items included an \$18 million charge related to an international income tax matter.

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):

	Year Ended December 31,		
	2020	2019	2018
Basic EPS:			
Net income (loss)	\$ (8,885)	\$ 1,686	\$ 1,412
Weighted average common shares outstanding (in thousands)	483,888	443,363	464,236
Basic EPS	<u>\$ (18.36)</u>	<u>\$ 3.80</u>	<u>\$ 3.04</u>
Diluted EPS:			
Net income (loss) for purposes of computing diluted EPS	\$ (8,885)	\$ 1,686	\$ 1,412
Share computation for diluted EPS (in thousands):			
Basic weighted average common shares outstanding	483,888	443,363	464,236
Dilutive effect of stock awards	—	906	1,424
Diluted weighted average common shares outstanding	<u>483,888</u>	<u>444,269</u>	<u>465,660</u>
Diluted EPS	<u>\$ (18.36)</u>	<u>\$ 3.79</u>	<u>\$ 3.03</u>

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):

	Year Ended December 31,		
	2020	2019	2018
6.50% convertible senior notes	31,882	—	—
Restricted stock unit awards	4,584	2,520	1,266
PSP1 Warrants	349	—	—
Treasury Loan Warrants	107	—	—

4. Share Repurchase Programs and Dividends

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. The \$420 million of remaining authority to repurchase shares under our most recent \$2.0 billion share repurchase program expired on December 31, 2020. In connection with our receipt of financial assistance under PSP1 and PSP2, we agreed not to repurchase shares of or make dividend payments in respect of AAG common stock through at least March 31, 2022. In addition, we have entered into the Treasury Loan Agreement, and, as a result, we are further 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.

In 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 2019, we repurchased 33.8 million shares of AAG common stock for \$1.1 billion at a weighted average cost per share of \$32.09. In 2018, we repurchased 16.6 million shares of AAG common stock for \$800 million at a weighted average cost per share of \$48.15.

Our Board of Directors declared quarterly cash dividends of \$0.10 per share totaling \$43 million, \$178 million and \$186 million for 2020, 2019 and 2018, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
5. Debt

Long-term debt included on our consolidated balance sheets consisted of (in millions):

	December 31,	
	2020	2019
Secured		
2013 Term Loan Facility, variable interest rate of 1.90%, installments through 2025 ^(a)	\$ 1,788	\$ 1,807
2013 Revolving Facility, variable interest rate of 2.15%, due 2024 ^(a)	750	—
2014 Term Loan Facility, variable interest rate of 1.90%, installments through 2027 ^(a)	1,220	1,202
2014 Revolving Facility, variable interest rate of 2.15%, due 2024 ^(a)	1,643	—
April 2016 Term Loan Facility, variable interest rate of 2.15%, installments through 2023 ^(a)	960	970
April 2016 Revolving Facility, variable interest rate of 2.15%, due 2024 ^(a)	450	—
December 2016 Term Loan Facility, variable interest rate of 2.16%, installments through 2023 ^(a)	1,200	1,213
11.75% senior secured notes, interest only payments until due in July 2025 ^(b)	2,500	—
10.75% senior secured IP notes, interest only payments until due in February 2026 ^(b)	1,000	—
10.75% senior secured LGA/DCA notes, interest only payments until due in February 2026 ^(b)	200	—
Treasury Term Loan Facility, variable interest rate of 3.73%, interest only payments until due June 2025 ^(c)	550	—
Enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.00% to 8.39%, averaging 3.98%, maturing from 2021 to 2032 ^(d)	11,013	11,933
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.32% to 5.83%, averaging 1.88%, maturing from 2021 to 2032 ^(e)	4,417	4,727
Special facility revenue bonds, fixed interest rates ranging from 5.00% to 8.00%, maturing from 2021 to 2036 ^(f)	1,064	754
	<u>28,755</u>	<u>22,606</u>
Unsecured		
PSP1 Promissory Note ^(g)	1,765	—
6.50% convertible senior notes, interest only payments until due in July 2025 ^(h)	1,000	—
5.000% senior notes, interest only payments until due in June 2022 ⁽ⁱ⁾	750	750
3.75% senior notes, interest only payments until due in March 2025 ⁽ⁱ⁾	500	—
4.625% senior notes	—	500
	<u>4,015</u>	<u>1,250</u>
Total long-term debt	32,770	23,856
Less: Total unamortized debt discount, premium and issuance costs	749	211
Less: Current maturities	2,697	2,749
Long-term debt, net of current maturities	\$ 29,324	\$ 20,896

As of December 31, 2020, the maximum availability under our Treasury Term Loan Facility and other facilities is as follows (in millions):

Treasury Term Loan Facility	\$ 6,950
Short-term Revolving and Other Facilities	446
Total	\$ 7,396

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Pursuant to the Treasury Loan Agreement, at December 31, 2020, American had a \$7.5 billion Treasury Term Loan Facility 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 has been extended through the beginning of July 2021. American also currently has approximately \$46 million of available borrowing base under a cargo receivables facility that was entered into in December 2020. 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, consisting primarily of 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.

At December 31, 2020, the maturities of long-term debt are as follows (in millions):

2021	\$	2,751
2022		2,424
2023		4,164
2024		4,403
2025		7,924
2026 and thereafter		11,104
Total	\$	<u>32,770</u>

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

In November 2019, American and AAG entered into the Sixth Amendment to Amended and Restated Credit and Guaranty Agreement, amending the Amended and Restated Credit and Guaranty Agreement dated as of May 21, 2015 (as previously amended, the 2013 Credit Agreement; the revolving credit facility established thereunder, the 2013 Revolving Facility; the term loan facility established thereunder, the 2013 Term Loan Facility; and the 2013 Revolving Facility together with the 2013 Term Loan Facility, the 2013 Credit Facilities), which reduced the total aggregate commitments under the 2013 Revolving Facility to \$750 million from \$1.0 billion. In addition, certain lenders party to the 2013 Credit Agreement extended the maturity date of their commitments under the 2013 Revolving Facility to October 2024 from October 2023.

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.

2014 Credit Facilities

In November 2019, American and AAG entered into the Seventh Amendment to 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 the 2014 Revolving Facility together with the 2014 Term Loan Facility, the 2014 Credit Facilities), which increased the total aggregate commitments under the 2014 Revolving Facility to \$1.6 billion from \$1.5 billion. In addition, certain lenders party to the 2014 Credit Agreement extended the maturity date of their commitments under the 2014 Revolving Facility to October 2024 from October 2023.

In January 2020, American and AAG entered into the Eighth Amendment to the 2014 Credit Agreement, 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, in aggregate, \$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.

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April 2016 Credit Facilities

In November 2019, American and AAG entered into the Fifth Amendment to Credit and Guaranty Agreement, amending the Credit and Guaranty Agreement dated as of April 29, 2016 (as previously amended, the April 2016 Credit Agreement; the revolving credit facility established thereunder, the April 2016 Revolving Facility; the term loan facility established thereunder, the 2016 Term Loan Facility; and the April 2016 Revolving Facility together with the 2016 Term Loan Facility, the April 2016 Credit Facilities), which increased the total aggregate commitments under the April 2016 Revolving Facility to \$450 million from \$300 million. In addition, certain lenders party to the April 2016 Credit Agreement extended the maturity date of their commitments under the April 2016 Revolving Facility to October 2024 from October 2023.

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.

December 2016 Credit Facilities

In December 2016, American and AAG entered into the Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as amended, the December 2016 Credit Agreement; the term loan facility established thereunder, the December 2016 Term Loan Facility; and together with the revolving credit facility that may be established thereunder in the future, the December 2016 Credit Facilities).

Certain details of our 2013 Credit Facilities, 2014 Credit Facilities, April 2016 Credit Facilities and December 2016 Credit Facilities (collectively referred to as the Credit Facilities) are shown in the table below as of December 31, 2020:

	2013 Credit Facilities		2014 Credit Facilities		April 2016 Credit Facilities		December 2016 Credit Facilities
	2013 Term Loan	2013 Revolving Facility	2014 Term Loan	2014 Revolving Facility	April 2016 Term Loan	April 2016 Revolving Facility	December 2016 Term Loan
Aggregate principal issued or credit facility availability (in millions)	\$1,919	\$750	\$1,280	\$1,643	\$1,000	\$450	\$1,250
Principal outstanding or drawn (in millions)	\$1,788	\$750	\$1,220	\$1,643	\$960	\$450	\$1,200
Maturity date	June 2025	October 2024	January 2027	October 2024	April 2023	October 2024	December 2023
LIBOR margin	1.75%	2.00%	1.75%	2.00%	2.00%	2.00%	2.00%

The term loans under each of the Credit Facilities are repayable in annual installments in an amount equal to 1.00% of the aggregate principal amount issued, with any unpaid balance due on the respective maturity dates. Voluntary prepayments may be made by American at any time.

The 2013 Revolving Facility, 2014 Revolving Facility and April 2016 Revolving Facility provide that American may from time to time borrow, repay and reborrow loans thereunder. The 2013 Revolving Facility and 2014 Revolving Facility have the ability to issue letters of credit thereunder in an aggregate amount outstanding at any time up to \$100 million and \$200 million, respectively. The 2013 Revolving Facility, 2014 Revolving Facility and April 2016 Revolving Facility are each subject to an undrawn annual fee of 0.63%.

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

The Credit Facilities contain events of default customary for similar financings, including cross default to other material indebtedness. Upon the occurrence of an event of default, the outstanding obligations may be accelerated and become due and payable immediately. In addition, if a "change of control" occurs, American will (absent an amendment or waiver) be required to repay at par the loans outstanding under the Credit Facilities and terminate the 2013 Revolving Facility, 2014 Revolving Facility and April 2016 Revolving Facility and any revolving credit facility established under the December

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2016 Credit Facilities. The Credit Facilities also include covenants that, among other things, require AAG 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 limit the ability of AAG and its restricted subsidiaries to pay dividends and make certain other payments, make certain investments, incur additional indebtedness, incur liens on the collateral, dispose of the collateral, enter into certain affiliate transactions and engage in certain business activities, in each case subject to certain exceptions.

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.

(b) Senior Secured Notes***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 the collateral coverage ratio described below 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.

The 11.75% Senior Secured Notes were issued pursuant to an indenture, dated as of June 30, 2020 (the 11.75% Senior Secured Notes Indenture), by and among American, AAG and Wilmington Trust, National Association, as trustee (the 11.75% Senior Secured Notes Trustee). 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 (collectively, the First Lien 11.75% Senior Secured Notes Collateral). 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 (collectively, the Second Lien 11.75% Senior Secured Notes Collateral and together with the First Lien 11.75% Senior Secured Notes Collateral, the 11.75% Senior Secured Notes Collateral). 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 Second Lien 11.75% Senior Secured Notes Collateral also secures the 2014 Credit Facilities on a first-lien basis.

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 11.75% Senior Secured Notes being redeemed plus a make whole premium, together with accrued and unpaid interest thereon, if any, to (but not including) the redemption date.

In the event of a specified change of control, each holder of 11.75% Senior Secured Notes may require American to repurchase its 11.75% Senior Secured Notes in whole or in part at a repurchase price of 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to (but not including) the repurchase date.

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American is required to deliver an appraisal of the First Lien 11.75% Senior Secured Notes Collateral and officer's certificate on a semi-annual basis demonstrating the calculation of a collateral coverage ratio in relation to the First Lien 11.75% Senior Secured Notes Collateral as of the end of each semi-annual period based on such appraisal. If American fails to deliver the officer's certificate in a timely manner or the collateral coverage ratio is less than 1.6 to 1.0 as of the end of the semi-annual period, then, subject to an opportunity to cure the deficiency in the collateral coverage ratio, American will be required to pay special interest in an additional amount equal to 2.0% per annum of the outstanding principal amount of the 11.75% Senior Secured Notes until the collateral coverage ratio is established to be at least 1.6 to 1.0.

The 11.75% Senior Secured Notes Indenture contains 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 11.75% Senior Secured Notes Collateral and dispose of or release the 11.75% 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, (vii) undergo certain change of control transactions, and (viii) designate subsidiaries as unrestricted. These covenants are subject to a number of important exceptions and qualifications set forth in the 11.75% Senior Secured Notes Indenture.

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 11.75% Senior Secured Notes may be declared to be due and payable immediately. Upon the occurrence of certain bankruptcy, insolvency or reorganization events affecting American or certain of its subsidiaries (including American), all outstanding 11.75% Senior Secured Notes will become due and payable immediately without further action or notice on the part of the 11.75% Senior Secured Notes Trustee or any holder of the 11.75% Senior Secured Notes.

10.75% Senior Secured Notes

On September 25, 2020 (the 10.75% Senior Secured Notes Closing Date), American issued \$1.0 billion in initial principal amount of senior secured IP notes (the IP Notes) and \$200 million in initial principal amount of senior secured LGA/DCA 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. 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.

The proceeds from the 10.75% Senior Secured Notes were used 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 also secures on a first-lien basis the December 2016 Credit Facilities.

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 thereon, if any. 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

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Secured Notes redeemed, together with accrued and unpaid interest thereon, if any. 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 thereon, if any.

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 thereon, 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. In addition, the 10.75% Senior Secured Notes Indentures include covenants that require AAG to maintain (a) 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 (b) a certain minimum ratio of appraised value of the collateral to outstanding debt secured thereby on a first lien basis as further described below in "Certain Covenants." 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.

(c) Treasury Loan Agreement

On September 25, 2020, American and AAG entered into a Loan and Guarantee Agreement (the Treasury Loan Agreement) with Treasury, which provided 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, which increased the borrowing amount to up to \$7.5 billion.

As of December 31, 2020, American had 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. Subsequently, on January 15, 2021, American and AAG entered into an amendment to the Treasury Loan Agreement, which extended this deadline to May 28, 2021. The proceeds from the Treasury Term Loan Facility were, and 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 bears 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 December 31, 2020, the applicable interest rate for the \$550 million loan drawn under the Treasury Term Loan Facility was 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.

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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.

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 and the Treasury Loan Agreement, 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.

(d) EETCs**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 (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. In 2020, the remaining \$293 million of the proceeds had been used to purchase equipment notes issued by American in connection with the financing of seven 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

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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 175 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.

Certain information regarding the 2019-1 Aircraft EETC equipment notes, as of December 31, 2020, is set forth in the table below.

	2019-1 Aircraft EETCs		
	Series AA	Series A	Series B
Aggregate principal issued	\$579 million	\$289 million	\$229 million
Fixed interest rate per annum	3.15%	3.50%	3.85%
Maturity date	February 2032	February 2032	February 2028

(e) Equipment Loans and Other Notes Payable Issued in 2020

In 2020, American entered into agreements under which it borrowed \$307 million in connection with the financing or refinancing, as the case may be, of certain aircraft and other flight equipment, 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 2.28% at December 31, 2020.

(f) Special Facility Revenue Bonds Issued in 2020

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 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.

(g) PSP1 Promissory Note

In April 2020, as partial compensation to the U.S. Government for the provision of financial assistance under the PSP1 Agreement, AAG issued the PSP1 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 PSP1 Agreement, and the guarantee of our obligations by the Subsidiaries. The total financial assistance we received pursuant to the PSP1 Agreement is approximately \$6.0 billion. As of December 31, 2020, the principal amount of the PSP1 Promissory Note was approximately \$1.8 billion.

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The PSP1 Promissory Note bears interest on the outstanding principal amount at a rate equal to 1.00% per annum until the fifth anniversary of the PSP1 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 PSP1 Closing Date (the PSP1 Maturity Date), and interest accrued thereon will be payable in arrears on the last business day of March and September of each year, which began on September 30, 2020. The aggregate principal amount outstanding under the PSP1 Promissory Note, together with all accrued and unpaid interest thereon and all other amounts payable under the PSP1 Promissory Note, will be due and payable on the PSP1 Maturity Date.

We may, at any time and from time to time, voluntarily prepay amounts outstanding under the PSP1 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 PSP1 Promissory Note at such time, together with any accrued interest or other amounts owing under the PSP1 Promissory Note at such time.

The PSP1 Promissory Note is our senior unsecured obligation and each guarantee of the PSP1 Promissory Note is the senior unsecured obligation of each of the Subsidiaries, respectively.

The PSP1 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 PSP1 Promissory Note may, and in certain circumstances will automatically, be accelerated and become due and payable immediately.

(h) 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 on a senior unsecured basis (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 priced to investors in the offering at 100% of their principal amount.

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.

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.

Holder 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.

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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 thereon, if any, 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 December 31, 2020 (in millions):

	December 31, 2020
Principal amount of 6.50% convertible senior notes	\$ 1,000
Unamortized debt discount	(417)
Net carrying amount of 6.50% convertible senior notes	583
Additional paid-in capital	415

The effective interest rate on the liability component approximates 20%. We recognized \$61 million of interest expense in 2020 including \$28 million of non-cash amortization of the debt discount and \$33 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: \$63 million in 2021, \$77 million in 2022, \$95 million in 2023, \$116 million in 2024 and \$66 million in 2025. As previously discussed in Note 1(c), as of January 1, 2021, we early adopted the New Convertible Debt Standard. Accordingly, our unamortized debt discount as of January 1, 2021 was reduced by \$389 million and the adjusted non-cash interest expense to be recognized over the next five years is as follows: \$5 million in 2021, \$6 million in 2022, \$6 million in 2023, \$7 million in 2024 and \$4 million in 2025.

At December 31, 2020, the if-converted value of the Convertible Notes did not exceed the principal amount.

(i) Unsecured Senior Notes***5.000% Senior Notes***

In May 2019, AAG issued \$750 million aggregate principal amount of 5.000% senior notes due 2022 (the 5.000% Senior Notes). The 5.000% Senior Notes bear interest at a rate of 5.000% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, which began on December 1, 2019. The 5.000% Senior Notes mature in June 2022.

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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). The 3.75% Senior Notes bear interest at a rate of 3.75% per annum, payable semiannually in arrears in March and September of each year, which began in September 2020. The 3.75% Senior Notes mature in March 2025.

The details of our 5.000% and 3.75% Senior Notes are shown in the table below as of December 31, 2020:

	5.000% Senior Notes	3.75% Senior Notes
Aggregate principal issued and outstanding	\$750 million	\$500 million
Maturity date	June 2022	March 2025
Fixed interest rate per annum	5.000%	3.75%
Interest payments	Semi-annually in arrears in June and December	Semi-annually in arrears in March and September

The 5.000% and 3.75% Senior Notes are senior unsecured obligations of AAG. These Senior Notes are fully and unconditionally guaranteed by American. The indentures for these Senior Notes contain covenants and events of default generally customary for similar financings. In addition, if we experience specific kinds of changes of control, we must offer to repurchase these Senior Notes in whole or in part at a price of 101% of the principal amount plus accrued and unpaid interest thereon, if any, to (but not including) the repurchase date. Upon the occurrence of certain events of default, these Senior Notes may be accelerated and become due and payable.

Guarantees

As of December 31, 2020, AAG had issued guarantees covering approximately \$15.0 billion of American's secured debt (and interest thereon), including the Credit Facilities and certain EETC financings and \$1.0 billion of American's special facility revenue bonds (and interest thereon).

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 (LTV) or collateral coverage ratio covenants and require us to appraise the related collateral annually or semiannually. Pursuant to such agreements, if the LTV or collateral coverage ratio exceeds a specified threshold or if 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, or the interest rate for the financing under such agreements will be increased. Additionally, a significant portion 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Specifically, we are required to meet certain collateral coverage tests for our Credit Facilities, 10.75% Senior Secured Notes, 11.75% Senior Secured Notes and Treasury Loan Agreement, as described below:

	2013 Credit Facilities	2014 Credit Facilities	April 2016 Credit Facilities	December 2016 Credit Facilities	10.75% Senior Secured Notes	11.75% Senior Secured Notes	Treasury Loan Agreement
Frequency of Appraisals of Appraised Collateral	Annual	Annual	Annual	Annual	Annual	Semi-Annual	Semi-Annual
LTV Requirement	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)						
LTV as of Last Measurement Date	53.1%	44.3%	48.0%	61.2%	61.2%	35.2%	De Minimis
Collateral Description	Generally, certain slots, route authorities and airport gate leasehold rights used by American to operate all services between the U.S. and South America	Generally, certain slots, route authorities and airport gate leasehold rights used by American to operate certain services between the U.S. and European Union (including London Heathrow)	Generally, certain spare parts	Generally, certain Ronald Reagan Washington National Airport (DCA) slots, certain La Guardia Airport (LGA) slots, certain simulators and certain leasehold rights	Generally, certain DCA slots, certain LGA slots, certain simulators and certain leasehold rights and, in the case of the IP Notes, certain intellectual property of American	Generally, certain slots, route authorities and airport gate leasehold rights used by American to operate certain services between the U.S. and the Caribbean, Central America and various other countries	Generally, certain rights under U.S. co-branded credit card agreements and certain other loyalty program agreements and intellectual property related to AAdvantage

At December 31, 2020, we were in compliance with the applicable collateral coverage tests as of the most recent measurement dates.

6. Leases

We lease certain aircraft and engines, including aircraft under capacity purchase agreements. As of December 31, 2020, we had 641 leased aircraft, with remaining terms ranging from less than one year to 12 years.

At each airport where we conduct flight operations, we have agreements, generally with a governmental unit or authority, for the use of passenger, operations and baggage handling space as well as runways and taxiways. These agreements, particularly in the U.S., often contain provisions for periodic adjustments to rates and charges applicable under such agreements. These rates and charges also vary with our level of operations and the operations of the airport. Because of the variable nature of these rates, these leases are not recorded on our balance sheet as a ROU asset or a lease liability. Additionally, at our hub locations and in certain other cities we serve, we lease administrative offices, catering, cargo, training, maintenance and other facilities.

The components of lease expense were as follows (in millions):

	Year Ended December 31,		
	2020	2019	2018
Operating lease cost	\$ 1,957	\$ 2,027	\$ 1,907
Finance lease cost:			
Amortization of assets	92	79	78
Interest on lease liabilities	38	43	48
Variable lease cost	1,801	2,558	2,353
Total net lease cost	\$ 3,888	\$ 4,707	\$ 4,386

Included in the table above is \$172 million, \$236 million and \$226 million of operating lease cost under our capacity purchase agreement with Republic for the years ended December 31, 2020, 2019 and 2018, respectively. We hold a 25% equity interest in Republic Holdings, the parent company of Republic.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Additionally, not included in the table above, we recognized \$109 million in cash special charges in 2020 related to the impairment of ROU assets and lease return costs resulting from our decision to retire certain leased aircraft earlier than planned driven by the severe decline in air travel due to the COVID-19 pandemic.

Supplemental balance sheet information related to leases was as follows (in millions, except lease term and discount rate):

	December 31,	
	2020	2019
Operating leases:		
Operating lease ROU assets	\$ 8,039	\$ 8,737
Current operating lease liabilities	\$ 1,651	\$ 1,708
Noncurrent operating lease liabilities	6,777	7,421
Total operating lease liabilities	<u>\$ 8,428</u>	<u>\$ 9,129</u>
Finance leases:		
Property and equipment, at cost	\$ 1,021	\$ 954
Accumulated amortization	(539)	(447)
Property and equipment, net	<u>\$ 482</u>	<u>\$ 507</u>
Current finance lease liabilities	\$ 100	\$ 112
Noncurrent finance lease liabilities	472	558
Total finance lease liabilities	<u>\$ 572</u>	<u>\$ 670</u>
Weighted average remaining lease term (in years):		
Operating leases	7.4	7.4
Finance leases	5.4	6.2
Weighted average discount rate:		
Operating leases	5.6 %	4.7 %
Finance leases	6.3 %	6.2 %

Supplemental cash flow and other information related to leases was as follows (in millions):

	Year Ended December 31,		
	2020	2019	2018
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 2,028	\$ 2,013	\$ 1,931
Operating cash flows from finance leases	39	43	48
Financing cash flows from finance leases	114	83	78
Non-cash transactions:			
ROU assets acquired through operating leases	917	1,145	1,292
Operating lease conversion to finance lease	5	41	—
Property and equipment acquired through finance leases	11	20	—
Gain on sale leaseback transactions, net	107	107	59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Maturities of lease liabilities were as follows (in millions):

	December 31, 2020	
	Operating Leases	Finance Leases
2021	\$ 1,946	\$ 131
2022	1,777	136
2023	1,586	114
2024	1,192	120
2025	812	85
2026 and thereafter	3,307	89
Total lease payments	10,620	675
Less: Imputed interest	(2,192)	(103)
Total lease obligations	8,428	572
Less: Current obligations	(1,651)	(100)
Long-term lease obligations	\$ 6,777	\$ 472

As of December 31, 2020, we have additional operating lease commitments that have not yet commenced of approximately \$1.7 billion for 19 Boeing 787-8 aircraft to be delivered in 2021 with lease terms of 10 years.

7. Income Taxes

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

	Year Ended December 31,		
	2020	2019	2018
Current income tax provision (benefit):			
State and Local	\$ —	\$ 2	\$ 3
Foreign	—	8	29
Current income tax provision (benefit)	—	10	32
Deferred income tax provision (benefit):			
Federal	(2,335)	498	390
State and Local	(233)	62	50
Deferred income tax provision (benefit)	(2,568)	560	440
Total income tax provision (benefit)	\$ (2,568)	\$ 570	\$ 472

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

	Year Ended December 31,		
	2020	2019	2018
Statutory income tax provision (benefit)	\$ (2,405)	\$ 474	\$ 396
State income tax provision (benefit), net of federal tax effect	(183)	47	44
Book expenses not deductible for tax purposes	22	31	12
Foreign income taxes, net of federal tax effect	—	8	23
Change in valuation allowance	—	4	(6)
Other, net	(2)	6	3
Income tax provision (benefit)	\$ (2,568)	\$ 570	\$ 472

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

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

	December 31,	
	2020	2019
Deferred tax assets:		
Operating loss carryforwards and other credits	\$ 4,027	\$ 2,103
Loyalty program liability	1,977	1,755
Leases	1,913	2,077
Pensions	1,405	1,229
Postretirement benefits other than pensions	203	145
Rent expense	96	126
Reorganization items	28	30
Alternative minimum tax (AMT) credit carryforwards	—	90
Other	847	613
Total deferred tax assets	10,496	8,168
Valuation allowance	(34)	(34)
Net deferred tax assets	10,462	8,134
Deferred tax liabilities:		
Accelerated depreciation and amortization	(5,028)	(5,196)
Leases	(1,818)	(1,979)
Other	(386)	(343)
Total deferred tax liabilities	(7,232)	(7,518)
Net deferred tax asset	\$ 3,230	\$ 616

At December 31, 2020, we had approximately \$16.5 billion of federal net operating losses (NOLs) available to reduce future federal taxable income, of which \$8.5 billion will expire beginning in 2023 if unused and \$8.0 billion can be carried forward indefinitely (NOL Carryforwards). We also had approximately \$5.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2020, which will expire in taxable years 2020 through 2040 if unused.

Our ability to use our NOL Carryforwards depends on the amount of taxable income generated in future periods. We provide a valuation allowance for our deferred tax assets, which include our NOLs, when it is more likely than not that some portion, or all of our deferred tax assets, will not be realized. We consider all available positive and negative evidence and make certain assumptions in evaluating the realizability of our deferred tax assets. Many factors are considered that impact our assessment of future profitability, including conditions which are beyond our control, such as the health of the economy, the availability and price volatility of aircraft fuel and travel demand. We presently have a \$34 million valuation allowance on certain net deferred tax assets related to state NOL Carryforwards. There can be no assurance that an additional valuation allowance on our net deferred tax assets will not be required. Such valuation allowance could be material.

Our ability to deduct our NOL Carryforwards and to utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 where an "ownership change" has occurred. Substantially all of our remaining federal NOL Carryforwards attributable to US Airways Group are subject to limitation under Section 382; however, our ability to utilize such NOL Carryforwards is not anticipated to be effectively constrained as a result of such limitation. Similar limitations may apply for state income tax purposes. Our ability to utilize any new NOL Carryforwards arising after the ownership changes is not affected by the annual limitation rules imposed by Section 382 unless another ownership change occurs. Under the Section 382 limitation, cumulative stock ownership changes among material stockholders exceeding 50% during a rolling three-year period can potentially limit our future use of NOLs and tax credits.

At December 31, 2019, we had an AMT credit carryforward of approximately \$170 million available for federal income tax purposes, which was fully refunded in 2020 as a result of the CARES Act.

In 2020, we recorded an income tax benefit of \$2.6 billion, with an effective rate of approximately 22%, which was substantially non-cash. Substantially all of our income before income taxes is attributable to the United States.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

We file our tax returns as prescribed by the tax laws of the jurisdictions in which we operate. Our 2017 through 2019 tax years are still subject to examination by the Internal Revenue Service. Various state and foreign jurisdiction tax years remain open to examination and we are under examination, in administrative appeals, or engaged in tax litigation in certain jurisdictions. We believe that the effect of any assessments will not be material to our consolidated financial statements.

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

8. Risk Management

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

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-COVID-19 pandemic levels, if at all. Accordingly, we cannot predict the ultimate impact of the COVID-19 pandemic on our business, financial condition and results of operations. In addition, during challenging economic times, actions by our competitors to increase their revenues can have an adverse impact on our revenues.

Our operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in our business. Aircraft fuel prices have in the past, and may in the future, experience substantial volatility. Because of the amount of fuel needed to operate our business, even a relatively small increase or decrease in the price of aircraft fuel can have a material effect on our operating results and liquidity.

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

(a) Credit Risk

Our accounts receivable relate primarily to our contracts with airline and non-airline business partners, including our co-branded credit card partners, and to tickets sold to individual passengers primarily through the use of major credit cards. Receivables from our business partners are typically settled within 30 days. Receivables from ticket sales are short-term, mostly settled within seven days after sale. All accounts receivable are reported net of an allowance for credit losses, which have been minimal in the past. We consider past and future financial and qualitative factors when establishing the allowance for credit losses. We do not believe we are subject to any significant concentration of credit risk.

(b) Interest Rate Risk

We have exposure to market risk associated with changes in interest rates related primarily to our LIBOR variable-rate debt obligations. Interest rates on \$12.8 billion principal amount of long-term debt as of December 31, 2020 are subject to adjustment to reflect changes in floating interest rates. The weighted average effective interest rate on our variable-rate debt was 2.0% at December 31, 2020. We currently do not have an interest rate hedge program to hedge our exposure to floating interest rates on our variable-rate debt obligations.

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. The discontinuation date for submission and publication of rates for certain tenors of USD LIBOR (1-month, 3-month, 6-month, and 12-month) is currently under consultation by the ICE Benchmark Administration (the administrator of LIBOR) and may be extended until June 30, 2023. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

have on financial markets for LIBOR-linked financial instruments. 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.

(c) Foreign Currency Risk

We are exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated 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.

9. Fair Value Measurements and Other Investments
Assets Measured at Fair Value on a Recurring Basis

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

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

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

We utilize the market approach to measure 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 year ended December 31, 2020.

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

	Fair Value Measurements as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Short-term investments ^{(1), (2)}:				
Money market funds	\$ 247	\$ 247	\$ —	\$ —
Corporate obligations	3,449	—	3,449	—
Bank notes/certificates of deposit/time deposits	2,168	—	2,168	—
Repurchase agreements	755	—	755	—
	<u>6,619</u>	<u>247</u>	<u>6,372</u>	<u>—</u>
Restricted cash and short-term investments ^{(1), (3)}	609	448	161	—
Long-term investments ⁽⁴⁾	161	161	—	—
Total	<u>\$ 7,389</u>	<u>\$ 856</u>	<u>\$ 6,533</u>	<u>\$ —</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

	Fair Value Measurements as of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Short-term investments ⁽¹⁾ :				
Money market funds	\$ 333	\$ 333	\$ —	\$ —
Bank notes/certificates of deposit/time deposits	2,107	—	2,107	—
Corporate obligations	1,021	—	1,021	—
Repurchase agreements	85	—	85	—
	3,546	333	3,213	—
Restricted cash and short-term investments ⁽¹⁾	158	10	148	—
Long-term investments ⁽⁴⁾	204	204	—	—
Total	\$ 3,908	\$ 547	\$ 3,361	\$ —

⁽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 as of December 31, 2020 mature in one year or less except for \$235 million of bank notes/certificates of deposit/time deposits.

⁽³⁾ Restricted cash and short-term investments primarily include 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.

⁽⁴⁾ 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 consolidated balance sheets.

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):

	December 31, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	\$ 32,021	\$ 30,454	\$ 23,645	\$ 24,508

Other Investments

We have an approximate 25% ownership interest in Republic Holdings, which we received in 2017 in consideration for our unsecured claim in the Republic Holdings bankruptcy case. This ownership interest is accounted for under the equity method and our portion of Republic Holdings' financial results is recognized within other, net on the consolidated statements of operations and the investment is reflected within other assets on our consolidated balance sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
10. Employee Benefit Plans

We sponsor defined benefit and defined contribution pension plans for eligible employees. The defined benefit pension plans provide benefits for participating employees based on years of service and average compensation for a specified period of time before retirement. Effective November 1, 2012, substantially all of our defined benefit pension plans were frozen and we began providing enhanced benefits under our defined contribution pension plans for certain employee groups. We use a December 31 measurement date for all of our defined benefit pension plans. We also provide certain retiree medical and other postretirement benefits, including health care and life insurance benefits, to retired employees. Effective November 1, 2012, we modified our retiree medical and other postretirement benefits plans to eliminate the company subsidy for employees who retire on or after November 1, 2012. As a result of modifications to our retiree medical and other postretirement benefits plans in 2012, we recognized a negative plan amendment of \$1.9 billion, which was included as a component of prior service benefit in accumulated other comprehensive income (loss) (AOCI) and was amortized over the future service life of the active plan participants for whom the benefit was eliminated. As of December 31, 2020, this prior service benefit was fully amortized.

Effective January 1, 2021, health coverage under our retiree medical benefit program that is currently provided to certain retirees age 65 and over who retired prior to November 1, 2012, transitioned from a self-insured plan to a fully-insured Medicare Advantage plan. Benefits coverage has not been reduced and cost shared has not changed as a result of this transition. Due to this transition, as of December 31, 2020, we recognized a negative plan amendment of \$313 million to reduce our benefit obligation, which was included as a component of prior service cost in accumulated other comprehensive loss and will be amortized over the average remaining life expectancy of all retirees, or approximately 13.3 years.

Benefit Obligations, Fair Value of Plan Assets and Funded Status

The following tables provide a reconciliation of the changes in the pension and retiree medical and other postretirement benefits obligations, fair value of plan assets and a statement of funded status as of December 31, 2020 and 2019:

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2020	2019	2020	2019
	(In millions)			
Benefit obligation at beginning of period	\$ 18,358	\$ 16,378	\$ 824	\$ 837
Service cost	2	2	8	3
Interest cost	615	703	30	33
Actuarial loss ^{(1), (2)}	1,613	1,965	46	20
Special termination benefits ⁽³⁾	—	—	410	—
Plan amendments ⁽⁴⁾	—	—	(195)	—
Settlements	(36)	(2)	—	—
Benefit payments	(740)	(689)	(77)	(74)
Other	—	1	—	5
Benefit obligation at end of period	\$ 19,812	\$ 18,358	\$ 1,046	\$ 824
Fair value of plan assets at beginning of period	\$ 12,897	\$ 10,053	\$ 204	\$ 225
Actual return on plan assets	1,427	2,305	13	41
Employer contributions ⁽⁵⁾	9	1,230	30	12
Settlements	(36)	(2)	—	—
Benefit payments	(740)	(689)	(77)	(74)
Fair value of plan assets at end of period	\$ 13,557	\$ 12,897	\$ 170	\$ 204
Funded status at end of period	\$ (6,255)	\$ (5,461)	\$ (876)	\$ (620)

⁽¹⁾ The 2020 and 2019 pension actuarial loss primarily relates to the change in our weighted average discount rate assumption and, additionally, in 2019, the change to our mortality assumption.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

- (2) The 2020 retiree medical and other postretirement benefits actuarial loss primarily relates to the change in our weighted average discount rate assumption.

The 2019 retiree medical and other postretirement benefits actuarial loss primarily relates to changes in our weighted average discount rate assumption and plan experience adjustments.

- (3) 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 the COVID-19 pandemic. During the third quarter of 2020, we recognized a \$410 million special charge for these enhanced healthcare benefits and increased our postretirement benefits obligation by \$410 million.
- (4) Principally relates to the transition of our retiree medical benefit program from a self-insured plan to a fully-insured Medicare Advantage plan as discussed above.
- (5) Pursuant to the CARES Act, minimum required 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. During 2019, we contributed \$1.2 billion to our defined benefit pension plans, including a \$786 million minimum required contribution and supplemental contributions of \$444 million.

Balance Sheet Position

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2020	2019	2020	2019
(In millions)				
As of December 31,				
Current liability	\$ 7	\$ 5	\$ 55	\$ 24
Noncurrent liability	6,248	5,456	821	596
Total liabilities	\$ 6,255	\$ 5,461	\$ 876	\$ 620
Net actuarial loss (gain)	\$ 6,700	\$ 5,680	\$ (358)	\$ (426)
Prior service cost (benefit)	75	104	(181)	(120)
Total accumulated other comprehensive loss (income), pre-tax	\$ 6,775	\$ 5,784	\$ (539)	\$ (546)

Plans with Projected Benefit Obligations Exceeding Fair Value of Plan Assets

	Pension Benefits	
	2020	2019
(In millions)		
Projected benefit obligation	\$ 19,812	\$ 18,327
Fair value of plan assets	13,557	12,862

Plans with Accumulated Benefit Obligations Exceeding Fair Value of Plan Assets

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2020	2019	2020	2019
(In millions)				
Accumulated benefit obligation (ABO)	\$ 19,799	\$ 18,315	\$ —	\$ —
Accumulated postretirement benefit obligation	—	—	1,046	824
Fair value of plan assets	13,557	12,862	170	204

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
Net Periodic Benefit Cost (Income)

	Pension Benefits			Retiree Medical and Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
	(In millions)					
Defined benefit plans:						
Service cost	\$ 2	\$ 2	\$ 3	\$ 8	\$ 3	\$ 5
Interest cost	615	703	674	30	33	35
Expected return on assets	(1,010)	(815)	(905)	(11)	(15)	(24)
Special termination benefits	—	—	—	410	—	—
Settlements	12	—	—	—	—	—
Amortization of:						
Prior service cost (benefit)	30	28	28	(135)	(236)	(236)
Unrecognized net loss (gain)	164	150	141	(24)	(31)	(21)
Net periodic benefit cost (income)	<u>\$ (187)</u>	<u>\$ 68</u>	<u>\$ (59)</u>	<u>\$ 278</u>	<u>\$ (246)</u>	<u>\$ (241)</u>

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 our consolidated statements of operations.

Assumptions

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

	Pension Benefits			Retiree Medical and Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
Benefit obligations:						
Weighted average discount rate		2.7%	3.4%	2.4%	3.3%	
Net periodic benefit cost (income):						
Weighted average discount rate	3.4%	4.4%	3.8%	3.2%	4.3%	3.6%
Weighted average expected rate of return on plan assets	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Weighted average health care cost trend rate assumed for next year ⁽¹⁾	N/A	N/A	N/A	4.0%	3.7%	3.9%

⁽¹⁾ The weighted average health care cost trend rate at December 31, 2020 is assumed to decline gradually to 3.4% by 2027 and remain level thereafter.

As of December 31, 2020, our estimate of the long-term rate of return on plan assets was 8.0% based on the target asset allocation. Expected returns on long duration bonds are based on yields to maturity of the bonds held at year-end. Expected returns on other assets are based on a combination of long-term historical returns, actual returns on plan assets achieved over the last ten years, current and expected market conditions, and expected value to be generated through active management and securities lending programs.

Minimum Contributions

We are required to make minimum contributions to our defined benefit pension plans under the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and various other laws for U.S. based plans as well as underfunding rules specific to countries where we maintain defined benefit plans. Based on current

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

funding assumptions, we have minimum required contributions of \$697 million for 2021 including contributions to defined benefit plans for our wholly-owned regional subsidiaries and \$130 million of minimum contributions required for 2020 that were deferred pursuant to the CARES Act as discussed above. In January 2021, we made \$241 million of required pension contributions, including the \$130 million minimum contributions required for 2020. Our funding obligations will depend on the performance of our investments held in trust by the pension plans, interest rates for determining liabilities, the amount of and timing of any supplemental contributions and our actuarial experience.

Benefit Payments

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

	2021	2022	2023	2024	2025	2026-2030
Pension benefits	\$ 790	\$ 830	\$ 872	\$ 914	\$ 952	\$ 5,150
Retiree medical and other postretirement benefits	102	93	89	86	82	356

Plan Assets

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

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

Asset Class/Sub-Class	Allowed Range
Equity	45% - 80%
Public:	
U.S. Large	10% - 40%
U.S. Small/Mid	2% - 10%
International	10% - 25%
International Small/Mid	0% - 10%
Emerging Markets	2% - 15%
Alternative Investments	5% - 30%
Fixed Income	20% - 55%
Public:	
U.S. Long Duration	15% - 45%
High Yield and Emerging Markets	0% - 10%
Private Income	0% - 15%
Other	0% - 5%
Cash Equivalents	0% - 20%

U.S. long duration bonds are used to partially hedge the assets from declines in interest rates. Public equity as well as high yield fixed income securities are used to provide diversification and are expected to generate higher returns over the long-term than U.S. long duration bonds. Alternative (private) investments are used to provide expected returns in excess of the public markets over the long-term. The pension plan's master trust also participates in securities lending programs to generate additional income by loaning plan assets to borrowers on a fully collateralized basis. These programs are subject to market risk.

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Investments in securities traded on recognized securities exchanges are valued at the last reported sales price on the last business day of the year. Securities traded in the over-the-counter market are valued at the last bid price. Investments in limited partnerships are carried at estimated net asset value as determined by and reported by the general partners of the partnerships and represent the proportionate share of the estimated fair value of the underlying assets of the limited partnerships. Common/collective trusts are valued at net asset value based on the fair values of the underlying investments of the trusts as determined by the sponsor of the trusts. No changes in valuation techniques or inputs occurred during the year.

Benefit Plan Assets Measured at Fair Value on a Recurring Basis

The fair value of our pension plan assets at December 31, 2020 and 2019, by asset category, were as follows (in millions):

Asset Category	Fair Value Measurements as of December 31, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 40	\$ —	\$ —	\$ 40
Equity securities:				
International markets ^{(a), (b)}	2,282	—	—	2,282
Large-cap companies ^(b)	2,085	—	—	2,085
Mid-cap companies ^(b)	428	—	—	428
Small-cap companies ^(b)	73	1	—	74
Mutual funds ^(c)	80	—	—	80
Fixed income:				
Corporate debt ^(d)	—	3,026	—	3,026
Government securities ^(e)	—	1,010	—	1,010
U.S. municipal securities	—	30	—	30
Alternative instruments:				
Private market partnerships ^(f)	—	—	15	15
Private market partnerships measured at net asset value ^{(f), (g)}	—	—	—	1,791
Common/collective trusts ^(h)	—	259	—	259
Common/collective trusts measured at net asset value ^{(g), (h)}	—	—	—	2,384
Insurance group annuity contracts	—	—	2	2
Dividend and interest receivable	49	—	—	49
Due from brokers for sale of securities – net	1	—	—	1
Other receivables – net	1	—	—	1
Total	\$ 5,039	\$ 4,326	\$ 17	\$ 13,557

^(a) Holdings are diversified as follows: 11% Switzerland, 11% Ireland, 10% United Kingdom, 9% France, 8% Japan, 7% Germany, 6% Netherlands, 13% emerging markets and the remaining 25% with no concentration greater than 5% in any one country.

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

^(c) Investment includes mutual funds invested 39% in equity securities of large-cap, mid-cap and small-cap U.S. companies, 35% in U.S. treasuries and corporate bonds and 26% in equity securities of international companies.

^(d) Includes approximately 77% investments in corporate debt with a S&P rating lower than A and 23% investments in corporate debt with a S&P rating A or higher. Holdings include 89% U.S. companies, 9% international companies and 2% emerging market companies.

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- (e) Includes approximately 89% investments in U.S. domestic government securities, 9% in emerging market government securities and 2% in international government securities. There are no significant foreign currency risks within this classification.
- (f) Includes limited partnerships that invest primarily in domestic private equity and private income opportunities. The pension plan's master trust does not have the right to redeem its limited partnership investment at its net asset value, but rather receives distributions as the underlying assets are liquidated. It is estimated that the underlying assets of these funds will be gradually liquidated over the next one to ten years. Additionally, the pension plan's master trust has future funding commitments of approximately \$1.6 billion over the next ten years.
- (g) Certain investments that are measured using net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the notes to the consolidated financial statements.
- (h) Investment includes 34% in a common/collective trust investing in large market capitalization equity securities within the U.S., 30% in three common/collective trusts investing in emerging country equity securities, 21% in a common/collective trust investing in equity securities of companies located outside the U.S., 9% in a collective interest trust investing primarily in short-term securities, 5% in a common/collective trust investing in smaller market capitalization equity securities within the U.S. and 1% in Canadian segregated balanced value, income growth and diversified pooled funds. For some trusts, requests for withdrawals must meet specific requirements with advance notice of redemption preferred.

Asset Category	Fair Value Measurements as of December 31, 2019			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and cash equivalents	\$ 20	\$ —	\$ —	\$ 20
Equity securities:				
International markets ^{(a), (b)}	2,769	—	—	2,769
Large-cap companies ^(b)	2,312	—	—	2,312
Mid-cap companies ^(b)	543	—	—	543
Small-cap companies ^(b)	97	—	—	97
Mutual funds ^(c)	68	—	—	68
Fixed income:				
Corporate debt ^(d)	—	2,804	—	2,804
Government securities ^(e)	—	923	—	923
U.S. municipal securities	—	51	—	51
Mortgage backed securities	—	4	—	4
Alternative instruments:				
Private market partnerships ^(f)	—	—	10	10
Private market partnerships measured at net asset value ^{(f), (g)}	—	—	—	1,464
Common/collective trusts ^(h)	—	358	—	358
Common/collective trusts and 103-12 Investment Trust measured at net asset value ^{(g), (h)}	—	—	—	1,423
Insurance group annuity contracts	—	—	2	2
Dividend and interest receivable	53	—	—	53
Due to brokers for sale of securities – net	(4)	—	—	(4)
Total	\$ 5,858	\$ 4,140	\$ 12	\$ 12,897

(a) Holdings are diversified as follows: 14% United Kingdom, 8% Switzerland, 8% Ireland, 7% Japan, 7% France, 6%

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South Korea, 6% Canada, 18% emerging markets and the remaining 26% with no concentration greater than 5% in any one country.

- (b) There are no significant concentrations of holdings by company or industry.
- (c) Investment includes mutual funds invested 40% in equity securities of large-cap, mid-cap and small-cap U.S. companies, 33% in U.S. treasuries and corporate bonds and 27% in equity securities of international companies.
- (d) Includes approximately 76% investments in corporate debt with a S&P rating lower than A and 24% investments in corporate debt with a S&P rating A or higher. Holdings include 86% U.S. companies, 11% international companies and 3% emerging market companies.
- (e) Includes approximately 79% investments in U.S. domestic government securities, 13% in emerging market government securities and 8% in international government securities. There are no significant foreign currency risks within this classification.
- (f) Includes limited partnerships that invest primarily in domestic private equity and private income opportunities. The pension plan's master trust does not have the right to redeem its limited partnership investment at its net asset value, but rather receives distributions as the underlying assets are liquidated. It is estimated that the underlying assets of these funds will be gradually liquidated over the next one to ten years. Additionally, the pension plan's master trust has future funding commitments of approximately \$1.4 billion over the next ten years.
- (g) Certain investments that are measured using net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the notes to the consolidated financial statements.
- (h) Investment includes 36% in a common/collective trust investing in securities of larger companies within the U.S., 29% in a common/collective trust investing in securities of smaller companies located outside the U.S., 16% in a collective interest trust investing primarily in short-term securities, 15% in an emerging market 103-12 Investment Trust with investments in emerging country equity securities and 4% in Canadian segregated balanced value, income growth and diversified pooled funds. For some trusts, requests for withdrawals must meet specific requirements with advance notice of redemption preferred.

Changes in fair value measurements of Level 3 investments during the year ended December 31, 2020, were as follows (in millions):

	Private Market Partnerships	Insurance Group Annuity Contracts
Beginning balance at December 31, 2019	\$ 10	\$ 2
Actual gain on plan assets:		
Relating to assets still held at the reporting date	1	—
Purchases	4	—
Ending balance at December 31, 2020	<u>\$ 15</u>	<u>\$ 2</u>

Changes in fair value measurements of Level 3 investments during the year ended December 31, 2019, were as follows (in millions):

	Private Market Partnerships	Insurance Group Annuity Contracts
Beginning balance at December 31, 2018	\$ 7	\$ 2
Purchases	3	—
Ending balance at December 31, 2019	<u>\$ 10</u>	<u>\$ 2</u>

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

Asset Category	Fair Value Measurements as of December 31, 2020			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market fund	\$ 4	\$ —	\$ —	\$ 4
Mutual funds – AAL Class	—	166	—	166
Total	\$ 4	\$ 166	\$ —	\$ 170

Asset Category	Fair Value Measurements as of December 31, 2019			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market fund	\$ 4	\$ —	\$ —	\$ 4
Mutual funds – AAL Class	—	200	—	200
Total	\$ 4	\$ 200	\$ —	\$ 204

Investments in the retiree medical and other postretirement benefits plans' mutual funds are valued by quoted prices on the active market, which is fair value, and represents the net asset value of the shares of such funds as of the close of business at the end of the period. Net asset value is based on the fair market value of the funds' underlying assets and liabilities at the date of determination. The AAL Class mutual funds are offered only to benefit plans of American, therefore, trading is restricted only to American, resulting in a fair value classification of Level 2. Investments included approximately 25% and 24% of investments in non-U.S. common stocks in 2020 and 2019, respectively.

Defined Contribution and Multiemployer Plans

The costs associated with our defined contribution plans were \$860 million for each of the years ended December 31, 2020 and 2019 and \$846 million for the year ended December 31, 2018.

We participate in the International Association of Machinists & Aerospace Workers (IAM) National Pension Fund, Employer Identification No. 51-6031295 and Plan No. 002 (the IAM Pension Fund). Our contributions to the IAM Pension Fund were \$40 million, \$32 million and \$31 million for the years ended December 31, 2020, 2019 and 2018, respectively. The IAM Pension Fund reported \$510 million in employers' contributions for the year ended December 31, 2019, which is the most recent year for which such information is available. For 2019, our contributions represented more than 5% of total contributions to the IAM Pension Fund.

On March 29, 2019, the actuary for the IAM Pension Fund certified that the fund was in "endangered" status despite reporting a funded status of over 80%. Additionally, the IAM Pension Fund's Board voluntarily elected to enter into "critical" status on April 17, 2019. Upon entry into critical status, the IAM Pension Fund was required by law to adopt a rehabilitation plan aimed at restoring the financial health of the pension plan and did so on April 17, 2019 (the Rehabilitation Plan). Under the Rehabilitation Plan, we were subject to an immaterial contribution surcharge, which ceased to apply June 14, 2019 upon our mandatory adoption of a contribution schedule under the Rehabilitation Plan. The contribution schedule requires 2.5% annual increases to our contribution rate. This contribution schedule will remain in effect through the earlier of December 31, 2031 or the date the IAM Pension Fund emerges from critical status.

Profit Sharing Program

We accrue 5% of our pre-tax income excluding net special items for our profit sharing program. As a result of our pre-tax loss excluding net special items, there will not be a payout for 2020 under our profit sharing program.

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11. Accumulated Other Comprehensive Loss

The components of AOCI are as follows (in millions):

	Pension, Retiree Medical and Other Postretirement Benefits	Unrealized Gain on Investments	Income Tax Benefit (Provision) ⁽¹⁾	Total
Balance at December 31, 2018	\$ (4,673)	\$ (5)	\$ (1,218)	\$ (5,896)
Other comprehensive income (loss) before reclassifications	(476)	3	107	(366)
Amounts reclassified from AOCI	(89)	—	20 ⁽²⁾	(69)
Net current-period other comprehensive income (loss)	(565)	3	127	(435)
Balance at December 31, 2019	(5,238)	(2)	(1,091)	(6,331)
Other comprehensive income (loss) before reclassifications	(1,045)	—	236	(809)
Amounts reclassified from AOCI	47	—	(10) ⁽²⁾	37
Net current-period other comprehensive income (loss)	(998)	—	226	(772)
Balance at December 31, 2020	\$ (6,236)	\$ (2)	\$ (865)	\$ (7,103)

⁽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 our consolidated statements of operations.

Reclassifications out of AOCI for the years ended December 31, 2020 and 2019 are as follows (in millions):

AOCI Components	Amounts reclassified from AOCI		Affected line items on the consolidated statements of operations
	Year Ended December 31,		
	2020	2019	
Amortization of pension, retiree medical and other postretirement benefits:			
Prior service benefit	\$ (81)	\$ (162)	Nonoperating other income, net
Actuarial loss	118	93	Nonoperating other income, net
Total reclassifications for the period, net of tax	\$ 37	\$ (69)	

Amounts allocated to other comprehensive income for income taxes as further described in Note 7 will remain in AOCI until we cease all related activities, such as termination of the pension plan.

12. Commitments, Contingencies and Guarantees
(a) Aircraft, Engine and Other Purchase Commitments

Under all of our aircraft and engine purchase agreements, our total future commitments as of December 31, 2020 are expected to be as follows (approximately, in millions):

	2021	2022	2023	2024	2025	2026 and Thereafter	Total
Payments for aircraft commitments and certain engines ⁽¹⁾	\$ 527	\$ 1,661	\$ 1,592	\$ 2,377	\$ 3,381	\$ 1,742	\$ 11,280

⁽¹⁾ These amounts are net of purchase deposits currently held by the manufacturers. We have granted a security interest in certain of our purchase deposits with Boeing to secure certain obligations to Boeing and third-party financing sources. Our purchase deposits held by all manufacturers totaled \$1.4 billion as of December 31, 2020.

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On March 13, 2019, a directive from the Federal Aviation Administration (FAA) grounded all U.S.-registered Boeing 737 MAX Family aircraft and, as a result, all deliveries of Boeing 737 MAX Family aircraft were suspended. Since the time of the FAA recertification of the Boeing 737 MAX Family aircraft on November 18, 2020, deliveries have resumed and we accepted delivery of 10 Boeing 737 MAX Family aircraft during the period between the date of recertification and December 31, 2020. We have rights to defer one Boeing 737 MAX Family aircraft from delivery in 2021 to 2023 and rights to defer 10 Boeing 737 MAX Family aircraft from delivery in 2022 to 2023-2024.

Due to the uncertainty surrounding the timing of delivery of certain aircraft, the amounts in the table represent our current best estimate; however, the actual delivery schedule may differ from the table above, potentially materially.

The amounts in the table exclude 19 Boeing 787-8 aircraft to be delivered in 2021 for which we have obtained committed lease financing. See Note 6 for information regarding this operating lease commitment.

Additionally, we have purchase commitments related to aircraft fuel, flight equipment maintenance, construction projects and information technology support as follows (approximately): \$2.3 billion in 2021, \$1.3 billion in 2022, \$1.2 billion in 2023, \$242 million in 2024, \$163 million in 2025 and \$1.0 billion in 2026 and thereafter.

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

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

As of December 31, 2020, American's capacity purchase agreements with third-party regional carriers had expiration dates ranging from 2021 to 2027, with rights of American to extend the respective terms of certain agreements.

As of December 31, 2020, American's minimum obligations under its capacity purchase agreements with third-party regional carriers are as follows (approximately, in millions):

	2021	2022	2023	2024	2025	2026 and Thereafter	Total
Minimum obligations under capacity purchase agreements with third-party regional carriers ⁽¹⁾	\$ 1,120	\$ 1,666	\$ 1,685	\$ 1,663	\$ 1,511	\$ 3,646	\$ 11,291

⁽¹⁾ Represents minimum payments under capacity purchase agreements with third-party regional carriers, which are estimates of costs based on assumed minimum levels of flying under the capacity purchase agreements and American's actual payments could differ materially. Excludes payments for the lease of certain aircraft under capacity purchase agreements, which are reflected in the operating lease obligations in Note 6.

(c) Airport Redevelopment
Los Angeles International Airport (LAX)

From time to time, airports where we have operations engage in construction projects, often substantial, that result in new or improved facilities that are ultimately funded through increases in the rent and other occupancy costs payable by airlines using the airport. Unlike this construction and funding model, we are managing a project at LAX where we have legal title to the assets during construction. In 2018, we executed a lease agreement with Los Angeles World Airports (LAWA), which owns and operates LAX, in connection with a \$1.6 billion modernization project related to LAX Terminals 4 and 5. Construction, which started in October 2018 and is expected to be completed in 2028, will occur in a phased approach. The modernization project will include a unified departure hall to the entranceway of Terminals 4 and 5, reconfigured ticket counter and check-in areas with seamless access to security screening areas, 10 new security screening lanes with automated technology in addition to the existing Terminal 5 lanes, and a new Terminal 4 South concourse with more open and upgraded amenities at gate areas. The project will also include renovated break rooms, multi-use meeting rooms and team gathering spaces throughout the terminals to support our team members at LAX.

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As each phase is completed, the assets will be sold and transferred to LAWA, including the site improvements and non-proprietary improvements. As we control the assets during construction, they are recognized on our balance sheet until legal title has transferred. As of December 31, 2020, we have incurred approximately \$223 million in costs relating to the LAX modernization project, of which \$114 million were incurred during 2020, and have been included within operating property and equipment on our consolidated balance sheet. As of December 31, 2020, we have sold and transferred \$111 million of non-proprietary improvements to LAWA, all of which occurred during 2020.

(d) Off-Balance Sheet Arrangements***Aircraft and Engines***

American currently operates 350 owned aircraft and 24 leased aircraft, and owns 62 spare aircraft engines, which in each case were financed with EETCs issued by pass-through trusts. These trusts are off-balance sheet entities, the primary purpose of which is to finance the acquisition of flight equipment or to permit issuance of debt backed by existing flight equipment. In the case of aircraft EETCs, rather than finance each aircraft separately when such aircraft is purchased, delivered or refinanced, these trusts allow American to raise the financing for a number of aircraft at one time and, if applicable, place such funds in escrow pending a future purchase, delivery or refinancing of the relevant aircraft. Similarly, in the case of the spare engine EETCs, the trusts allow American to use its existing pool of spare engines to raise financing under a single facility. The trusts have also been structured to provide for certain credit enhancements, such as liquidity facilities to cover certain interest payments, that reduce the risks to the purchasers of the trust certificates and, as a result, reduce the cost of aircraft financing to American.

Each trust covers a set number of aircraft or spare engines scheduled to be delivered, financed or refinanced upon the issuance of the EETC or within a specific period of time thereafter. At the time of each covered aircraft or spare engine financing, the relevant trust used the proceeds of the issuance of the EETC (which may have been available at the time of issuance thereof or held in escrow until financing of the applicable aircraft following its delivery) to purchase equipment notes relating to the financed aircraft or engines. The equipment notes are issued, at American's election, in connection with a mortgage financing of the aircraft or spare engines or, in certain cases, by a separate owner trust in connection with a leveraged lease financing of the aircraft. In the case of a leveraged lease financing, the owner trust then leases the aircraft to American. In both cases, the equipment notes are secured by a security interest in the aircraft or engines, as applicable. The pass-through trust certificates are not direct obligations of, nor are they guaranteed by, AAG or American. However, in the case of mortgage financings, the equipment notes issued to the trusts are direct obligations of American and, in certain instances, have been guaranteed by AAG. As of December 31, 2020, \$11.0 billion associated with these mortgage financings is reflected as debt in the accompanying consolidated balance sheet.

With respect to leveraged leases, American evaluated whether the leases had characteristics of a variable interest entity. American concluded the leasing entities met the criteria for variable interest entities; however, American concluded it is not the primary beneficiary under these leasing arrangements and accounts for the majority of its EETC leveraged lease financings as operating leases. American's total future payments to the trusts of each of the relevant EETCs under these leveraged lease financings are \$78 million as of December 31, 2020, which are reflected in the operating lease obligations in Note 6.

Letters of Credit and Other

We provide financial assurance, such as letters of credit, surety bonds or restricted cash and investments, primarily to support projected workers' compensation obligations and airport commitments. As of December 31, 2020, we had \$476 million of letters of credit and surety bonds securing various obligations, of which \$110 million is collateralized with our restricted cash. The letters of credit and surety bonds that are subject to expiration will expire on various dates through 2024.

(e) Legal Proceedings

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

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Pursuant to rulings of the Bankruptcy Court, the Plan established the Disputed Claims Reserve to hold shares of AAG common stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed claims. 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 December 31, 2020, the Disputed Claims Reserve held approximately 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, 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 and the parties submitted proposed findings of fact and conclusions of law and made closing arguments in April 2019. On January 29, 2021, the Bankruptcy Court published its decision finding in our favor. We expect the plaintiffs to appeal this ruling. We believe this lawsuit is without merit and intend to continue to vigorously defend against the allegations, including in respect of any appeal of the January 29, 2021 ruling.

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.

(f) Guarantees and Indemnifications

We are party to many routine contracts in which we provide general indemnities in the normal course of business to third parties for various risks. We are not able to estimate the potential amount of any liability resulting from the indemnities. These indemnities are discussed in the following paragraphs.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

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

We have general indemnity clauses in many of our airport and other real estate leases where we as lessee indemnify the lessor (and related parties) against liabilities related to our use of the leased property. Generally, these indemnifications cover liabilities resulting from the negligence of the indemnified parties, but not liabilities resulting from the gross negligence or willful misconduct of the indemnified parties. In addition, we provide environmental indemnities in many of these leases for contamination related to our use of the leased property.

Under certain contracts with third parties, we indemnify the third-party against legal liability arising out of an action by the third-party, or certain other parties. The terms of these contracts vary and the potential exposure under these indemnities cannot be determined. We have liability insurance protecting us for some of the obligations we have undertaken under these indemnities.

American is required to make principal and interest payments for certain special facility revenue bonds issued by municipalities primarily to build or improve airport facilities and purchase equipment, which are leased to American. The payment of principal and interest of certain special facility revenue bonds is guaranteed by AAG. As of December 31, 2020, the remaining lease payments through 2035 guaranteeing the principal and interest on these bonds are \$572 million and the current carrying amount of the associated operating lease liability in the accompanying consolidated balance sheet is \$321 million.

As of December 31, 2020, AAG had issued guarantees covering approximately \$15.0 billion of American's secured debt (and interest thereon), including the Credit Facilities and certain EETC financings and \$1.0 billion of American's special facility revenue bonds (and interest thereon).

(g) Credit Card Processing Agreements

We have agreements with companies that process customer credit card transactions for the sale of air travel and other services. Our agreements allow these credit card processing companies, under certain conditions, to hold an amount of our cash (referred to as a holdback) equal to a portion of advance ticket sales that have been processed by that company, but for which we have not yet provided the air transportation. Additional holdback requirements in the event of material adverse changes in our financial condition will reduce our liquidity in the form of unrestricted cash by the amount of the holdbacks. These credit card processing companies are not currently entitled to maintain any holdbacks pursuant to these requirements.

(h) Labor Negotiations

As of December 31, 2020, we employed approximately 102,700 active full-time equivalent (FTE) employees, of which 24,400 were employed by our wholly-owned regional subsidiaries. Of the total active FTE employees, 84% are covered by collective bargaining agreements (CBAs) with various labor unions and 43% are covered by CBAs that are currently amendable or that will become amendable within one year. Joint collective bargaining agreements (JCBA) have been reached with post-Merger employee groups, including a new five-year JCBA ratified with the TWU-IAM Association, which represents our mainline mechanics and related, fleet service, stock clerks, maintenance control technicians and maintenance training instructors. Additionally, the post-Merger JCBA covering our pilots and flight attendants are now amendable. The JCBA covering our passenger service employees and CBAs covering certain employee groups at our wholly-owned regional subsidiaries are also amendable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

13. Supplemental Cash Flow Information

Supplemental disclosure of cash flow information and non-cash investing and financing activities are as follows (in millions):

	Year Ended December 31,		
	2020	2019	2018
Non-cash investing and financing activities:			
Settlement of bankruptcy obligations	\$ 56	\$ 7	\$ —
Supplemental information:			
Interest paid, net	944	1,111	1,091
Income taxes paid	6	8	18

14. Operating Segments and Related Disclosures

We are managed as a single business unit that provides air transportation for passengers and cargo. This allows us to benefit from an integrated revenue pricing and route network that includes American and our wholly-owned and third-party regional carriers that fly under capacity purchase agreements operating as American Eagle. The flight equipment of all these carriers is combined to form one fleet that is deployed through a single route scheduling system. Financial information and annual operational plans and forecasts are prepared and reviewed by the chief operating decision maker at the consolidated level. When making operational decisions, the chief operating decision maker evaluates flight profitability data, which considers aircraft type and route economics, but is indifferent to the results of the individual regional carriers. The objective in making operational decisions is to maximize consolidated financial results, not the individual results of American or American Eagle.

See Note 1(l) for our passenger revenue by geographic region. Our tangible assets consist primarily of flight equipment, which are mobile across geographic markets and, therefore, have not been allocated.

15. Share-based Compensation

The 2013 AAG Incentive Award Plan (the 2013 Plan) provides that awards may be in the form of an option, restricted stock award, restricted stock unit award, performance award, dividend equivalent award, deferred stock award, deferred stock unit award, stock payment award or stock appreciation right. The 2013 Plan initially authorized the grant of awards for the issuance of up to 40 million shares. Any shares underlying awards granted under the 2013 Plan that are forfeited, terminate or are settled in cash (in whole or in part) without the delivery of shares will again be available for grant.

For the years ended December 31, 2020, 2019 and 2018, we recorded \$91 million, \$95 million and \$88 million, respectively, of share-based compensation costs principally in salaries, wages and benefits expense on our consolidated statements of operations.

During 2020, 2019 and 2018, we withheld approximately 0.7 million, 0.8 million and 0.8 million shares of AAG common stock, respectively, and paid approximately \$15 million, \$25 million and \$37 million, respectively, in satisfaction of certain tax withholding obligations associated with employee equity awards.

Restricted Stock Unit Awards (RSUs)

The majority of our RSUs have service conditions (time vested primarily over three years). The grant-date fair value of these RSUs is equal to the market price of the underlying shares of AAG common stock on the date of grant. The expense for these RSUs is recognized on a straight-line basis over the vesting period for the entire award. RSUs are classified as equity awards as the vesting results in the issuance of shares of AAG common stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

RSU award activity for all plans for the years ended December 31, 2020, 2019 and 2018 is as follows:

	Number of Shares (In thousands)	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2017	4,324	\$ 46.94
Granted	2,194	47.65
Vested and released	(1,999)	44.99
Forfeited	(199)	45.72
Outstanding at December 31, 2018	4,320	\$ 44.29
Granted	3,206	34.00
Vested and released	(2,002)	44.90
Forfeited	(337)	42.55
Outstanding at December 31, 2019	5,187	\$ 37.01
Granted	5,883	22.07
Vested and released	(2,268)	39.46
Forfeited	(920)	29.78
Outstanding at December 31, 2020	7,882	\$ 23.66

As of December 31, 2020, there was \$107 million of unrecognized compensation cost related to RSUs. These costs are expected to be recognized over a weighted average period of one year. The total fair value of RSUs vested during the years ended December 31, 2020, 2019 and 2018 was \$51 million, \$68 million and \$91 million, respectively.

16. Valuation and Qualifying Accounts (in millions)

	Balance at Beginning of Year	Additions Charged to Statement of Operations Accounts	Deductions	Balance at End of Year
Allowance for obsolescence of spare parts				
Year ended December 31, 2020	\$ 784	\$ 100	\$ (394)	\$ 490
Year ended December 31, 2019	814	91	(121)	784
Year ended December 31, 2018	769	70	(25)	814
Allowance for credit losses on accounts receivable				
Year ended December 31, 2020	\$ 31	\$ 27	\$ (22)	\$ 36
Year ended December 31, 2019	29	19	(17)	31
Year ended December 31, 2018	24	42	(37)	29

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

17. Quarterly Financial Data (Unaudited)

Unaudited summarized financial data by quarter for 2020 and 2019 (in millions, except share and per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020				
Operating revenues	\$ 8,515	\$ 1,622	\$ 3,173	\$ 4,027
Operating expenses	11,064	4,108	6,044	6,542
Operating loss	(2,549)	(2,486)	(2,871)	(2,515)
Net loss	(2,241)	(2,067)	(2,399)	(2,178)
Loss per share:				
Basic and diluted	\$ (5.26)	\$ (4.82)	\$ (4.71)	\$ (3.81)
Shares used for computation (in thousands):				
Basic and diluted	425,713	428,807	509,049	571,984
2019				
Operating revenues	\$ 10,584	\$ 11,960	\$ 11,911	\$ 11,313
Operating expenses	10,209	10,807	11,103	10,584
Operating income	375	1,153	808	729
Net income	185	662	425	414
Earnings per share:				
Basic	\$ 0.41	\$ 1.49	\$ 0.96	\$ 0.95
Diluted	\$ 0.41	\$ 1.49	\$ 0.96	\$ 0.95
Shares used for computation (in thousands):				
Basic	451,951	445,008	441,915	434,578
Diluted	453,429	445,587	442,401	435,659

Our fourth quarter 2020 results included \$36 million of total pre-tax net special items driven principally by mark-to-market net unrealized gains and losses associated with certain equity investments and treasury rate lock derivative instruments.

Our fourth quarter 2019 results included \$108 million of total pre-tax net special items that principally included \$85 million of merger integration expenses and \$39 million of fleet restructuring expenses, offset in part by \$42 million of mark-to-market net unrealized gains associated with certain equity investments and treasury rate lock derivative instruments.

18. Subsequent Events*PSP2*

On January 15, 2021 (the PSP2 Closing Date), the Subsidiaries entered into a Payroll Support Program Extension Agreement (the PSP2 Agreement) with Treasury, with respect to PSP2 provided pursuant to the PSP Extension Law. In connection with our entry into the PSP2 Agreement, on the PSP2 Closing Date, AAG also entered into a warrant agreement (the PSP2 Warrant Agreement) with Treasury and issued the PSP2 Promissory Note to Treasury, with the Subsidiaries as guarantors.

PSP2 Agreement

In connection with PSP2, we are required to comply with the relevant provisions of the PSP Extension Law, which are substantially similar as the restrictions contained in the PSP1 Agreement, but are in effect for a longer time period. These provisions include the requirement that funds provided pursuant to the PSP2 Agreement be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits, the requirement against involuntary furloughs and reductions in employee pay rates and benefits through March 31, 2021, the provisions that prohibit the repurchase of AAG common stock, and the payment of common stock dividends through at least March 31, 2022, the provisions that restrict the payment of certain executive compensation until October 1, 2022, as well as a requirement to recall employees involuntarily terminated or furloughed after September 30, 2020. As was the case with PSP1, the PSP2 Agreement also imposes substantial reporting obligations on us.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Pursuant to the PSP2 Agreement, Treasury is to provide us financial assistance to be paid in installments (each, an Installment) expected to total at least \$3.0 billion in the aggregate, of which \$1.5 billion was received on January 15, 2021. As partial compensation to the U.S. Government for the provision of financial assistance under PSP2, and assuming a total principal sum of approximately \$3.0 billion, we expect AAG to issue a PSP2 Promissory Note in the aggregate principal amount of approximately \$896 million and issue warrants (each a PSP2 Warrant and, collectively, the PSP2 Warrants) to Treasury to purchase up to an aggregate of approximately 5.7 million shares of AAG common stock.

PSP2 Promissory Note

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, AAG issued the PSP2 Promissory Note to Treasury, which provides for our unconditional promise to pay to Treasury the initial principal sum of approximately \$433 million, subject to an increase equal to 30% of the amount of each additional Installment disbursed under the PSP2 Agreement after the PSP2 Closing Date, and the guarantee of the Company's obligations by the Subsidiaries. Assuming the total Installments to be paid pursuant to the PSP2 Agreement aggregate approximately \$3.0 billion, the PSP2 Promissory Note will have a total principal sum of approximately \$896 million.

The PSP2 Promissory Note bears interest on the outstanding principal amount at a rate equal to 1.00% per annum until the fifth anniversary of the PSP2 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 PSP2 Closing Date (the PSP2 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 March 31, 2021. The aggregate principal amount outstanding under the PSP2 Promissory Note, together with all accrued and unpaid interest thereon and all other amounts payable under the PSP2 Promissory Note, will be due and payable on the PSP2 Maturity Date.

We may, at any time and from time to time, voluntarily prepay amounts outstanding under the PSP2 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 PSP2 Promissory Note at such time, together with any accrued interest or other amounts owing under the PSP2 Promissory Note at such time.

The PSP2 Promissory Note is our senior unsecured obligation and each guarantee of the PSP2 Promissory Note is the senior unsecured obligation of each of the Subsidiaries, respectively.

The PSP2 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 PSP2 Promissory Note may, and in certain circumstances will automatically, be accelerated and become due and payable immediately.

PSP2 Warrant Agreement and PSP2 Warrants

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, and pursuant to the PSP2 Warrant Agreement, AAG agreed to issue warrants to Treasury to purchase PSP2 Warrant Shares. The exercise price of the PSP2 Warrant Shares is \$15.66 per share (which was the closing price of the AAG common stock on The Nasdaq Global Select Market on December 24, 2020), subject to certain anti-dilution provisions provided for in the PSP2 Warrants.

Pursuant to the PSP2 Warrant Agreement, (a) on the PSP2 Closing Date, AAG issued to Treasury a PSP2 Warrant to purchase up to an aggregate of approximately 2.8 million shares of Common Stock based on the terms described herein and (b) on the date of each increase of the principal amount of the PSP2 Promissory Note in connection with the disbursement of an additional Installment under the PSP2 Agreement, AAG will issue to Treasury an additional PSP2 Warrant for a number of shares of AAG common stock equal to 10% of such increase of the principal amount of the PSP2 Promissory Note, divided by \$15.66, the exercise price of such shares. Assuming the total Installments to be paid pursuant to the PSP2 Agreement aggregate approximately \$3.0 billion, the total number of PSP2 Warrant Shares issuable is approximately 5.7 million, subject to certain anti-dilution provisions, provided for in the PSP2 Warrants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

The PSP2 Warrants do not have any voting rights and are freely transferrable, with registration rights. Each PSP2 Warrant expires on the fifth anniversary of the date of issuance of such PSP2 Warrant. The PSP2 Warrants will be exercisable either through net share settlement or cash, at our option. The PSP2 Warrants were and will be issued solely as compensation to the U.S. Government related to entry into the PSP2 Agreement. No separate proceeds (apart from the financial assistance described above) were received upon issuance of the PSP2 Warrants or will be received upon exercise thereof.

At the Market Offering

On October 22, 2020, AAG entered into an Equity Distribution Agreement (Prior ATM) relating to the issuance and sale of shares of AAG common stock pursuant to an at-the-market offering up to an aggregate value of \$1.0 billion. Since the inception of the Prior ATM through January 28, 2021, we issued 68.6 million shares of AAG common stock at an average price of \$12.87 per share for net proceeds of \$869 million. We provided notice to terminate the Prior ATM effective as of January 28, 2021 with \$118 million of shares of AAG common stock available for issuance.

On January 29, 2021, AAG entered into a new Equity Distribution Agreement (ATM Offering) relating to the issuance and sale of shares of AAG common stock pursuant to an at-the-market offering up to an aggregate value of \$1.1 billion. The net proceeds from the sale of shares of AAG common stock related to the ATM Offering will be used for general corporate purposes and to enhance our liquidity position. Since the inception of the ATM Offering through February 16, 2021, we have issued 18.2 million shares of AAG common stock at an average price of \$17.59 per share for proceeds of \$320 million.

ITEM 8B. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA OF AMERICAN AIRLINES, INC.

Report of Independent Registered Public Accounting Firm

To the Stockholder and Board of Directors
American Airlines, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of American Airlines, Inc. and subsidiaries (American) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholder's equity for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of American as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), American's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 17, 2021 expressed an unqualified opinion on the effectiveness of American's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of American's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to American in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Estimate of mileage credits not expected to be redeemed

As discussed in Note 1(l) to the consolidated financial statements, American's loyalty program awards mileage credits to passengers for flights on American, flights on partner airlines, or for using the services of other program participants. American accounts for such mileage credits earned using the deferred revenue method, which includes an estimate for mileage credits not expected to be redeemed. American's loyalty program liability was \$9.2 billion as of December 31, 2020 and the associated passenger revenue for mileage credits redeemed for travel was \$1.1 billion for the year ended December 31, 2020.

We identified the assessment of the estimated number of mileage credits not expected to be redeemed as a critical audit matter. A high degree of auditor judgment was required to evaluate the applicability of historical data used to develop the estimate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over American's loyalty program accounting process, including controls related to the estimation of mileage credits not expected to be redeemed. We assessed American's methodology used to evaluate this estimate and determined it was consistent with historical periods. We developed an independent expectation of mileage credits not expected to be redeemed, which included consideration of industry and historical information. We compared the results of our independent expectation to American's recorded amount of loyalty program liability and the associated passenger revenue.

Sufficiency of audit evidence over realizability of operating loss carryforwards

As discussed in Notes 1(i) and 5 to the consolidated financial statements, American had \$3.9 billion of operating loss carryforwards, which are recorded as deferred tax assets at December 31, 2020. Deferred tax assets are recognized related to operating loss carryforwards that will reduce future taxable income. American provides a valuation allowance for deferred tax assets when it is more likely than not that some portion, or all the deferred tax assets, will not be realized. In evaluating the need for a valuation allowance, management considers the weighting of all available positive and negative evidence, which includes, among other things, the nature, frequency and severity of current and cumulative taxable income or losses, as well as future projections of profitability.

We identified the evaluation of the sufficiency of audit evidence over the realizability of operating loss carryforwards as a critical audit matter. Evaluating the sufficiency of audit evidence required subjective auditor judgment, and the involvement of tax professionals in order to assess the nature and extent of procedures performed in assessing the realizability of the operating loss carryforwards.

The following are the primary procedures we performed to address this critical audit matter. We performed risk assessment procedures and applied auditor judgment to determine the nature and extent of procedures to be performed over the income tax accounts and disclosures. We evaluated the design and tested the operating effectiveness of certain internal controls over American's deferred tax asset valuation allowance process, including controls related to the realizability of operating loss carryforwards. We evaluated positive and negative evidence used in assessing whether the deferred tax assets were more-likely-than-not to be realized in the future, including evaluating the nature, frequency and severity of current and cumulative taxable income or losses, as well as future projections of profitability. We evaluated the reasonableness of management's future projections of profitability considering (i) historical profitability of American, (ii) consistency with industry data and economic trends, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. We involved tax professionals who assisted in the evaluation of the nature, frequency and severity of current and cumulative taxable income or losses. Further, we assessed the sufficiency of audit evidence obtained over the realizability of the operating loss carryforwards by evaluating the cumulative results of the audit procedures, qualitative aspects of American's accounting practices, and potential bias in the accounting estimate.

/s/ KPMG LLP

We have served as American's auditor since 2014.

Dallas, Texas
February 17, 2021

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

	Year Ended December 31,		
	2020	2019	2018
Operating revenues:			
Passenger	\$ 14,518	\$ 42,010	\$ 40,676
Cargo	769	863	1,013
Other	2,048	2,888	2,841
Total operating revenues	17,335	45,761	44,530
Operating expenses:			
Aircraft fuel and related taxes	2,581	7,526	8,053
Salaries, wages and benefits	10,955	12,600	12,240
Regional expenses	4,676	7,518	7,064
Maintenance, materials and repairs	1,583	2,380	2,050
Other rent and landing fees	1,536	2,055	1,900
Aircraft rent	1,341	1,326	1,264
Selling expenses	513	1,602	1,520
Depreciation and amortization	2,040	1,982	1,839
Special items, net	(657)	635	787
Other	2,991	5,090	5,090
Total operating expenses	27,559	42,714	41,807
Operating income (loss)	(10,224)	3,047	2,723
Nonoperating income (expense):			
Interest income	337	515	330
Interest expense, net	(1,171)	(1,109)	(1,028)
Other income, net	155	152	167
Total nonoperating expense, net	(679)	(442)	(531)
Income (loss) before income taxes	(10,903)	2,605	2,192
Income tax provision (benefit)	(2,453)	633	534
Net income (loss)	\$ (8,450)	\$ 1,972	\$ 1,658

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2020	2019	2018
Net income (loss)	\$ (8,450)	\$ 1,972	\$ 1,658
Other comprehensive income (loss), net of tax:			
Pension, retiree medical and other postretirement benefits	(771)	(434)	(116)
Investments	—	3	(3)
Total other comprehensive loss, net of tax	(771)	(431)	(119)
Total comprehensive income (loss)	\$ (9,221)	\$ 1,541	\$ 1,539

See accompanying notes to consolidated financial statements.

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

	December 31,	
	2020	2019
ASSETS		
Current assets		
Cash	\$ 231	\$ 267
Short-term investments	6,617	3,543
Restricted cash and short-term investments	609	158
Accounts receivable, net	1,334	1,770
Receivables from related parties, net	7,877	12,451
Aircraft fuel, spare parts and supplies, net	1,520	1,754
Prepaid expenses and other	633	584
Total current assets	18,821	20,527
Operating property and equipment		
Flight equipment	37,485	42,213
Ground property and equipment	8,836	9,089
Equipment purchase deposits	1,446	1,674
Total property and equipment, at cost	47,767	52,976
Less accumulated depreciation and amortization	(16,393)	(18,335)
Total property and equipment, net	31,374	34,641
Operating lease right-of-use assets		
	7,994	8,694
Other assets		
Goodwill	4,091	4,091
Intangibles, net of accumulated amortization of \$745 and \$704, respectively	2,029	2,084
Deferred tax asset	3,235	689
Other assets	1,671	1,164
Total other assets	11,026	8,028
Total assets	\$ 69,215	\$ 71,890
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Current maturities of long-term debt and finance leases	\$ 2,800	\$ 2,358
Accounts payable	1,116	1,990
Accrued salaries and wages	1,661	1,461
Air traffic liability	4,757	4,808
Loyalty program liability	2,033	3,193
Operating lease liabilities	1,641	1,695
Other accrued liabilities	2,300	2,055
Total current liabilities	16,308	17,560
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	26,182	20,684
Pension and postretirement benefits	7,027	6,008
Loyalty program liability	7,162	5,422
Operating lease liabilities	6,739	7,388
Other liabilities	1,449	1,406
Total noncurrent liabilities	48,559	40,908
Commitments and contingencies (Note 10)		
Stockholder's equity		
Common stock, \$1.00 par value; 1,000 shares authorized, issued and outstanding	—	—
Additional paid-in capital	17,050	16,903
Accumulated other comprehensive loss	(7,194)	(6,423)
Retained earnings (deficit)	(5,508)	2,942
Total stockholder's equity	4,348	13,422
Total liabilities and stockholder's equity	\$ 69,215	\$ 71,890

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income (loss)	\$ (8,450)	\$ 1,972	\$ 1,658
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,313	2,267	2,108
Net gains from sale of property and equipment and sale-leaseback transactions	(98)	(109)	(57)
Special items, net non-cash	1,588	384	458
Pension and postretirement	(319)	(178)	(302)
Deferred income tax provision (benefit)	(2,453)	623	503
Share-based compensation	91	94	86
Other, net	14	(56)	(102)
Changes in operating assets and liabilities:			
Decrease in accounts receivable	595	130	232
Decrease (increase) in other assets	42	(321)	(354)
Increase (decrease) in accounts payable and accrued liabilities	(619)	273	(171)
Increase (decrease) in air traffic liability	(51)	469	297
Decrease (increase) in receivables from related parties, net	4,134	(1,772)	(1,849)
Increase (decrease) in loyalty program liability	580	76	(283)
Contributions to pension plans	(6)	(1,224)	(472)
Increase (decrease) in other liabilities	1,210	(199)	191
Net cash provided by (used in) operating activities	(1,429)	2,429	1,943
Cash flows from investing activities:			
Capital expenditures and aircraft purchase deposits	(1,922)	(4,156)	(3,677)
Proceeds from sale-leaseback transactions	665	850	1,096
Proceeds from sale of property and equipment	351	49	106
Purchases of short-term investments	(5,874)	(3,184)	(3,412)
Sales of short-term investments	2,803	4,144	3,705
Proceeds from vendor	90	250	—
Decrease (increase) in restricted short-term investments	(308)	(3)	72
Proceeds from sale of investments	41	—	207
Other investing activities	(154)	(96)	(7)
Net cash used in investing activities	(4,308)	(2,146)	(1,910)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	8,959	3,210	2,354
Payments on long-term debt and finance leases	(3,029)	(3,440)	(2,442)
Deferred financing costs	(85)	(52)	(59)
Net cash provided by (used in) financing activities	5,845	(282)	(147)
Net increase (decrease) in cash and restricted cash	108	1	(114)
Cash and restricted cash at beginning of year	277	276	390
Cash and restricted cash at end of year ^(a)	\$ 385	\$ 277	\$ 276

^(a) The following table provides a reconciliation of cash and restricted cash to amounts reported within the consolidated balance sheets:

Cash	\$ 231	\$ 267	\$ 265
Restricted cash included in restricted cash and short-term investments	154	10	11
Total cash and restricted cash	\$ 385	\$ 277	\$ 276

See accompanying notes to consolidated financial statements.

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

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Balance at December 31, 2017	\$ —	\$ 16,716	\$ (5,873)	\$ (955)	\$ 9,888
Net income	—	—	—	1,658	1,658
Other comprehensive loss, net	—	—	(119)	—	(119)
Share-based compensation expense	—	86	—	—	86
Impact of adoption of Accounting Standards Update (ASU) 2016-01 related to financial instruments	—	—	—	60	60
Impact of adoption of ASU 2016-02 related to leases	—	—	—	197	197
Balance at December 31, 2018	—	16,802	(5,992)	960	11,770
Net income	—	—	—	1,972	1,972
Other comprehensive loss, net	—	—	(431)	—	(431)
Share-based compensation expense	—	94	—	—	94
Intercompany equity transfer	—	7	—	10	17
Balance at December 31, 2019	—	16,903	(6,423)	2,942	13,422
Net loss	—	—	—	(8,450)	(8,450)
Other comprehensive loss, net	—	—	(771)	—	(771)
Share-based compensation expense	—	91	—	—	91
Intercompany equity transfer	—	56	—	—	56
Balance at December 31, 2020	<u>\$ —</u>	<u>\$ 17,050</u>	<u>\$ (7,194)</u>	<u>\$ (5,508)</u>	<u>\$ 4,348</u>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

1. Basis of Presentation and Summary of Significant Accounting Policies

(a) Basis of Presentation

American Airlines, Inc. (American) is a Delaware corporation whose primary business activity is the operation of a major network air carrier, providing scheduled air transportation for passengers and cargo. American is the principal wholly-owned subsidiary of American Airlines Group Inc. (AAG), which owns all of American's outstanding common stock, par value \$1.00 per share. On December 9, 2013, a subsidiary of AMR Corporation (AMR) merged with and into US Airways Group, Inc. (US Airways Group), a Delaware corporation, which survived as a wholly-owned subsidiary of AAG, and AAG emerged from Chapter 11 (the Merger). Upon closing of the Merger and emergence from Chapter 11, AMR changed its name to American Airlines Group Inc. All significant intercompany transactions have been eliminated.

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, testing regimes, closing of borders, "stay at home" 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 62% in 2020 as compared to 2019. While the length and severity of the reduction in demand due to the COVID-19 pandemic is uncertain, American's business, operations and financial condition in 2020 were severely impacted.

American has taken aggressive actions to mitigate the effects of the COVID-19 pandemic 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 Act (CARES Act).

Capacity Reductions

American has significantly reduced its capacity (as measured by available seat miles), with 2020 flying decreasing by 50% year-over-year. Domestic capacity in 2020 was down 41% year-over-year while international capacity was down 68% 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 observed booking trends 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 American's operation and bring forward cost savings and efficiencies associated with operating fewer aircraft types. See Note 1(g) below 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.*Cost Reductions*

American moved 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 more than \$17 billion. These savings were achieved primarily through capacity reductions. In addition, American implemented a series of actions, including the accelerated fleet retirements discussed above as well as reductions in maintenance expense and \$700 million in non-aircraft capital expenditures through less fleet modification work, the elimination of ground service equipment purchases and pausing non-critical facility investments and information technology projects. American 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 and decreased its management and support staff team, including officers, by approximately 30%. In total, more than 20,000 team members have opted for an early retirement or long-term partially paid leave. Additionally, American has made reductions in marketing, contractor, event and training expenses as well as consolidated space at airport facilities.

Due to the effects of the COVID-19 pandemic, American involuntarily furloughed certain team members starting October 1, 2020, and subsequently recalled the team members effective December 1, 2020 covered by the financial assistance provided pursuant to the payroll support program (PSP2) established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law) (see Note 17 for further information).

Liquidity

As of December 31, 2020, American had \$14.3 billion in total available liquidity, consisting of \$6.9 billion in unrestricted cash and short-term investments, \$7.0 billion in an undrawn term loan facility under the CARES Act and a total of \$446 million in undrawn short-term revolving and other facilities.

During 2020, American completed the following financing transactions (see Note 3 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 the senior secured delayed draw term loan credit facility (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 used the proceeds thereof, in part, to repay the \$1.0 billion 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 \$7.5 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 \$665 million principally from aircraft sale-leaseback transactions as well as \$351 million from asset sales primarily related to previously parked aircraft; and
- received approximately \$600 million of proceeds 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) received an aggregate of \$6.0 billion in financial assistance through the payroll support program (PSP1) established under the CARES Act, all of which was received by the end of September 2020. In connection with the receipt by AAG and the Subsidiaries of this financial assistance, AAG issued a promissory note (the PSP1 Promissory Note) to Treasury for \$1.8 billion in aggregate principal amount and warrants to purchase up to an aggregate of approximately 14.1 million shares (the PSP1 Warrant Shares) of AAG common stock. See below for further discussion on PSP1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

In January 2021, AAG and the Subsidiaries received \$1.5 billion (of an expected total of at least \$3.0 billion) in financial assistance through PSP2. In connection with the receipt by AAG and the Subsidiaries of this financial assistance, AAG issued a promissory note (the PSP2 Promissory Note) to Treasury for an initial principal sum of approximately \$433 million and warrants to purchase up to an aggregate of approximately 2.8 million shares (the PSP2 Warrant Shares) of AAG common stock. See Note 17 for further discussion on PSP2.

Also, American is permitted to, and has, deferred 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 provided approximately \$325 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 and the PSP Extension Law are applicable.

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

A significant portion 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, collateral coverage and/or debt service coverage ratio covenants.

Given the above actions and American's current assumptions about the future impact of the COVID-19 pandemic 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 the PSP Extension Law) and projected cash flows from operations.

PSP1

On April 20, 2020 (the PSP1 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), entered into a Payroll Support Program Agreement (the PSP1 Agreement) with Treasury, with respect to PSP1 provided pursuant to the CARES Act. In connection with the Subsidiaries' entry into the PSP1 Agreement, on the PSP1 Closing Date, AAG also entered into a warrant agreement (the PSP1 Warrant Agreement) with Treasury and issued the PSP1 Promissory Note to Treasury, with the Subsidiaries as guarantors.

PSP1 Agreement

In connection with PSP1, 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 PSP1 Agreement be used exclusively for the continuation of payment of eligible 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 at least September 30, 2021, as well as those that restrict the payment of certain executive compensation until March 24, 2022. The PSP1 Agreement also imposes substantial reporting obligations on AAG and the Subsidiaries. These provisions were subsequently extended upon the entry of AAG and its Subsidiaries into PSP2. See Note 17 for further discussion on PSP2. In addition, AAG and the Subsidiaries have entered into the Treasury Loan Agreement (as defined below) and, as a result, the stock repurchase, dividend and executive compensation restrictions imposed by the Treasury Loan Agreement will remain in place through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid. See below for additional information on the Treasury Loan Agreement.

Pursuant to the PSP1 Agreement, Treasury provided to AAG and the Subsidiaries financial assistance in an aggregate of approximately \$6.0 billion. As partial compensation to the U.S. Government for the provision of financial assistance under PSP1, AAG issued the PSP1 Promissory Note in an aggregate principal amount of approximately \$1.8 billion and issued warrants (each a PSP1 Warrant and, collectively, the PSP1 Warrants) to Treasury to purchase up to an aggregate of approximately 14.1 million PSP1 Warrant Shares. See below for more information on the PSP1 Warrant Agreement and the PSP1 Warrants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

For accounting purposes, the \$6.0 billion of aggregate financial assistance AAG and the Subsidiaries received pursuant to the PSP1 Agreement is allocated to the PSP1 Promissory Note, the PSP1 Warrants and other PSP1 financial assistance (the PSP1 Financial Assistance). The aggregate principal amount of approximately \$1.8 billion of the PSP1 Promissory Note was recorded as unsecured long-term debt, and the total fair value of the PSP1 Warrants of \$63 million, estimated using a Black-Scholes option pricing model, was recorded in stockholders' equity in AAG's consolidated balance sheet. The remaining amount of approximately \$4.2 billion of PSP1 Financial Assistance was recognized as a credit to special items, net in the consolidated statement of operations in the second and third quarters of 2020, the period over which the continuation of payment of eligible employee wages, salaries and benefits was required.

PSP1 Warrant Agreement and PSP1 Warrants

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP1 Agreement, and pursuant to the PSP1 Warrant Agreement, AAG agreed to issue warrants to Treasury to purchase up to an aggregate of approximately 14.1 million PSP1 Warrant Shares of AAG common stock. The exercise price of the PSP1 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) subject to certain anti-dilution provisions provided for in the PSP1 Warrants.

Pursuant to the PSP1 Warrant Agreement, on each of the PSP1 Closing Date, May 29, 2020, June 30, 2020, July 30, 2020 and September 30, 2020, AAG issued to Treasury a PSP1 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 PSP1 Warrants do not have any voting rights and are freely transferrable, with registration rights. Each PSP1 Warrant expires on the fifth anniversary of the date of issuance of such PSP1 Warrant. The PSP1 Warrants will be exercisable either through net share settlement or cash, at AAG's option. The PSP1 Warrants were issued solely as compensation to the U.S. Government related to entry into the PSP1 Agreement. No separate proceeds (apart from the financial assistance described above) were received upon issuance of the PSP1 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 provided 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, which increased the borrowing amount to 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 December 31, 2020, American had 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 3 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 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 consolidated balance sheet with an offsetting debt discount to the Treasury Term Loan Facility in American's 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 \$12.51, the exercise price of such shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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 Pronouncement*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 consolidated financial statements.

(d) Short-term Investments

Short-term investments are classified as available-for-sale and stated at fair value. Realized gains and losses are recorded in nonoperating expense on American's consolidated statements of operations. Unrealized gains and losses are recorded in accumulated other comprehensive loss on American's consolidated balance sheets. For investments in an unrealized loss position, American determines whether a credit loss exists by considering information about the collectability of the instrument, current market conditions and reasonable and supportable forecasts of economic conditions. There have been no credit losses.

(e) Restricted Cash and Short-term Investments

American has restricted cash and short-term investments related primarily to 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.

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

Aircraft fuel is recorded on a first-in, first-out basis. Spare parts and supplies are recorded at average costs less an allowance for obsolescence. These items are expensed when used.

(g) Operating Property and Equipment

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

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

Total depreciation and amortization expense was \$2.3 billion, \$2.5 billion and \$2.4 billion for the years ended December 31, 2020, 2019 and 2018, respectively.

American assesses impairment of operating property and equipment when events and circumstances indicate that the assets may be impaired. An impairment of an asset or group of assets exists only when the sum of the estimated undiscounted 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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. If such assets are impaired, the impairment charge recognized is the amount by which the carrying value of the assets exceed their fair value. 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.

In 2020, American's operations, liquidity and stock price were significantly impacted by decreased passenger demand and government travel restrictions due to the COVID-19 pandemic. 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 certain regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft. As a result of these events and circumstances, American performed impairment tests for its long-lived assets in the first three quarters of 2020.

As a result of the impairment tests performed, American determined the sum of the estimated undiscounted future cash flows exceeded the carrying value except for the aircraft being retired earlier than planned as discussed above. For those aircraft and certain related spare parts, American recorded \$1.5 billion in non-cash special impairment charges reflecting the difference between the carrying values of these assets and their fair values for the year ended December 31, 2020. At December 31, 2020, prepaid expense and other on the consolidated balance sheet included \$164 million of these retired aircraft that are expected to be sold in the next year, and other assets on the consolidated balance sheet included \$400 million of nonoperating retired aircraft. 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.

(h) Leases

American determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities and noncurrent operating lease liabilities in American's consolidated balance sheet. Finance leases are included in property and equipment, current maturities of long-term debt and finance leases and long-term debt and finance leases, net of current maturities, in American's consolidated balance sheets.

ROU assets represent American's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

American uses its estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. American gives consideration to its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates.

American's lease term includes options to extend the lease when it is reasonably certain that it will exercise that option. Leases with a term of 12 months or less are not recorded on the balance sheet. American's lease agreements do not contain any residual value guarantees.

Under certain of American's capacity purchase agreements with third-party regional carriers, American does not own the underlying aircraft. However, since American controls the marketing, scheduling, ticketing, pricing and seat inventories of these aircraft and therefore control the asset, the aircraft is deemed to be leased for accounting purposes. For these capacity purchase agreements, American accounts for the lease and non-lease components separately. The lease component consists of the aircraft and the non-lease components consist of services, such as the crew and maintenance. American allocates the consideration in the capacity purchase agreements to the lease and non-lease components using their estimated relative standalone prices. See Note 10(b) for additional information on its capacity purchase agreements.

For real estate, American accounts for the lease and non-lease components as a single lease component.

(i) Income Taxes

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

American provides a valuation allowance for its deferred tax assets when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. American considers all available positive and negative evidence and makes certain assumptions in evaluating the realizability of its deferred tax assets. Many factors are considered that impact American's assessment of future profitability, including conditions which are beyond American's control, such as the health of the economy, the availability and price volatility of aircraft fuel and travel demand.

(j) Goodwill

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. American has one reporting unit. American assesses goodwill for impairment annually or more frequently if events or circumstances indicate that the fair value of goodwill may be lower than the carrying value. American's annual assessment date is October 1.

Goodwill is assessed for impairment by initially performing a qualitative assessment. If American determines that it is more likely than not that its goodwill may be impaired, it uses a quantitative approach to assess the asset's fair value and the amount of the impairment, if any.

In addition to American's annual impairment assessment, it performed interim impairment tests in 2020 on its goodwill as a result of the events and circumstances previously discussed due to the impact of the COVID-19 pandemic on American's business. 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 7. The fair value exceeded the carrying value of the reporting unit, and American's goodwill was not impaired. The carrying value of American's goodwill on its consolidated balance sheets was \$4.1 billion as of December 31, 2020 and 2019.

As discussed above, due to the inherent uncertainties of the current operating environment, American will continue to evaluate its goodwill for events and circumstances that indicate that the fair value of the reporting unit may be lower than the carrying value.

(k) Other Intangibles, Net

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

Definite-Lived Intangible Assets

Definite-lived intangible assets are originally recorded at their acquired fair values, subsequently amortized over their respective estimated useful lives and are assessed for impairment whenever events and circumstances indicate that the assets may be impaired.

The following table provides information relating to American's amortizable intangible assets as of December 31, 2020 and 2019 (in millions):

	December 31,	
	2020	2019
Domestic airport slots	\$ 365	\$ 365
Customer relationships	300	300
Marketing agreements	105	105
Tradenames	35	35
Airport gate leasehold rights	137	137
Accumulated amortization	(745)	(704)
Total	\$ 197	\$ 238

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

American recorded amortization expense related to these intangible assets of \$41 million for each of the years ended December 31, 2020, 2019 and 2018. American expects to record annual amortization expense for these intangible assets as follows (in millions):

2021	\$	41
2022		41
2023		7
2024		7
2025		7
2026 and thereafter		94
Total	\$	197

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets include certain domestic airport slots and international slots and route authorities. American assesses indefinite-lived intangible assets for impairment annually or more frequently if events or circumstances indicate that the fair values of indefinite-lived intangible assets may be lower than their carrying values. American's annual assessment date is October 1.

Indefinite-lived intangible assets are assessed for impairment by initially performing a qualitative assessment. If American determines that it is more likely than not that its indefinite-lived intangible assets may be impaired, American uses a quantitative approach to assess the asset's fair value and the amount of the impairment, if any.

In addition to its annual impairment assessment, American performed interim impairment tests in 2020 on its indefinite-lived intangible assets as a result of the events and circumstances previously discussed due to the impact of the COVID-19 pandemic on American's business. American performed qualitative impairment tests on its indefinite-lived intangible assets and determined there was no material impairment. American had \$1.8 billion of indefinite-lived intangible assets on its consolidated balance sheets at each of December 31, 2020 and 2019.

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

(I) Revenue Recognition
Revenue

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

	Year Ended December 31,		
	2020	2019	2018
Passenger revenue:			
Passenger travel	\$ 13,456	\$ 38,831	\$ 37,457
Loyalty revenue - travel ⁽¹⁾	1,062	3,179	3,219
Total passenger revenue	14,518	42,010	40,676
Cargo	769	863	1,013
Other:			
Loyalty revenue - marketing services	1,825	2,361	2,352
Other revenue	223	527	489
Total other revenue	2,048	2,888	2,841
Total operating revenues	\$ 17,335	\$ 45,761	\$ 44,530

⁽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. See "*Loyalty Revenue*" below for further discussion on these mileage credits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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

	Year Ended December 31,		
	2020	2019	2018
Domestic	\$ 11,765	\$ 30,881	\$ 29,573
Latin America	1,852	5,047	5,125
Atlantic	654	4,624	4,376
Pacific	247	1,458	1,602
Total passenger revenue	<u>\$ 14,518</u>	<u>\$ 42,010</u>	<u>\$ 40,676</u>

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

Passenger Revenue

American recognizes all revenues generated from transportation on American and its regional flights operated under the brand name American Eagle, including associated baggage fees and other inflight services, as passenger revenue when transportation is provided. Ticket and other related sales for transportation that has not yet been provided are initially deferred and recorded as air traffic liability on American's consolidated balance sheets. 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 majority of tickets sold are nonrefundable. A small percentage of tickets, some of which are partially used tickets, expire unused. Due to complex pricing structures, refund and exchange policies, and interline agreements with other airlines, certain amounts are recognized in passenger revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized. These estimates are generally based on the analysis of American's historical data. American has consistently applied this accounting method to estimate revenue from unused tickets at the date of travel. Estimated future refunds and exchanges included in the air traffic liability are routinely evaluated based on subsequent activity to validate the accuracy of American's estimates. Any adjustments resulting from periodic evaluations of the estimated air traffic liability are included in passenger revenue during the period in which the evaluations are completed.

Various taxes and fees assessed on the sale of tickets to end customers are collected by American as an agent and remitted to taxing authorities. These taxes and fees have been presented on a net basis in the accompanying consolidated statements of operations and recorded as a liability until remitted to the appropriate taxing authority. The CARES Act provided for a temporary tax holiday from collecting and remitting certain government ticket taxes for tickets purchased between March 28, 2020 and December 31, 2020.

Loyalty Revenue

American currently operates the loyalty program, AAdvantage. This program awards mileage credits to passengers who fly on American, any oneworld airline or other partner airlines, or by using the services of other program participants, such as the Citi and Barclaycard US co-branded credit cards, and certain hotels and car rental companies. Mileage credits can be redeemed for travel on American and other participating partner airlines, as well as other non-air travel awards such as hotels and rental cars. For mileage credits earned by AAdvantage loyalty program members, American applies the deferred revenue method. In response to the COVID-19 pandemic, American suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets.

Mileage credits earned through travel

For mileage credits earned through travel, American applies a relative selling price approach whereby the total amount collected from each passenger ticket sale is allocated between the air transportation and the mileage credits earned. The portion of each passenger ticket sale attributable to mileage credits earned is initially deferred and then recognized in passenger revenue when mileage credits are redeemed and transportation is provided. The estimated selling price of mileage credits is determined using an equivalent ticket value approach, which uses historical data, including award redemption patterns by geographic region and class of service, as well as similar fares as those used to settle award redemptions. The estimated selling price of miles is adjusted for an estimate of the miles that will not be redeemed using statistical models based on historical redemption patterns to develop an estimate of the likelihood of future redemption.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Given the inherent uncertainty of the current operating environment due to the COVID-19 pandemic, American will continue to monitor redemption patterns and may adjust its estimates in the future.

Mileage credits sold to co-branded credit cards and other partners

American sells mileage credits to participating airline partners and non-airline business partners, including American's co-branded credit card partners, under contracts with terms extending generally for one to seven years. Consideration received from the sale of mileage credits is variable and payment terms typically are within 30 days subsequent to the month of mileage sale. Sales of mileage credits to non-airline business partners are comprised of two components, transportation and marketing. American allocates the consideration received from these sales of mileage credits based on the relative selling price of each product or service delivered.

American's most significant partner agreements are its co-branded credit card agreements with Citi and Barclaycard US. American identified the following revenue elements in these co-branded credit card agreements: the transportation component; and the use of intellectual property, including the American brand and access to loyalty program member lists, which is the predominant element in the agreements, as well as advertising (collectively, the marketing component). Accordingly, American recognizes the marketing component in other revenue in the period of the mileage sale following the sales-based royalty method.

The transportation component represents the estimated selling price of future travel awards and is determined using the same equivalent ticket value approach described above. The portion of each mileage credit sold attributable to transportation is initially deferred and then recognized in passenger revenue when mileage credits are redeemed and transportation is provided.

For the portion of American's outstanding mileage credits that it estimates will not be redeemed, American recognizes the associated value proportionally as the remaining mileage credits are redeemed. American's estimates use statistical models based on historical redemption patterns to develop an estimate of the likelihood of future redemption.

Cargo Revenue

Cargo revenue is recognized when American provides the transportation.

Other Revenue

Other revenue includes revenue associated with American's loyalty program, which is comprised principally of the marketing component of mileage sales to co-branded credit card and other partners and other marketing related payments. Loyalty revenue included in other revenue was \$1.8 billion for the year ended December 31, 2020 and \$2.4 billion for both 2019 and 2018. The accounting and recognition for the loyalty program marketing services are discussed above in "Loyalty Revenue." The remaining amounts included within other revenue relate to airport clubs, advertising and vacation-related services.

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 American's consolidated balance sheets and (2) ticket sales for transportation that has not yet been provided, reported as air traffic liability on American's consolidated balance sheets.

	December 31,	
	2020	2019
	(in millions)	
Loyalty program liability	\$ 9,195	\$ 8,615
Air traffic liability	4,757	4,808
Total	\$ 13,952	\$ 13,423

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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		1,812
Recognition of revenue ⁽¹⁾		(1,232)
Balance at December 31, 2020 ⁽²⁾	\$	<u>9,195</u>

⁽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. As previously discussed, in response to the COVID-19 pandemic, American suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets. As of December 31, 2020, American's current loyalty program liability was \$2.0 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 the COVID-19 pandemic, 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 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 the COVID-19 pandemic, American extended the contract duration for certain tickets to December 31, 2021, principally those with travel scheduled from March 1, 2020 through December 31, 2020. Additionally, American has eliminated change fees for most domestic and international tickets. As of December 31, 2020, the air traffic liability included approximately \$2.6 billion of travel credits related to these unused tickets for travel prior to December 31, 2020. Accordingly, any revenue associated with these tickets will be recognized within the next 12 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.

American's ticket contract receivables relate to ticket sales to individual passengers primarily through the use of major credit cards and are reflected as accounts receivable, net on the accompanying consolidated balance sheets. These receivables are short-term, mostly settled within seven days after sale. All accounts receivable are reported net of an allowance for credit losses, which have been minimal in the past. American considers past and future financial and qualitative factors when establishing the allowance for credit losses.

(m) Maintenance, Materials and Repairs

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

(n) Selling Expenses

Selling expenses include credit card fees, commissions, computerized reservations systems fees and advertising. Selling expenses associated with passenger revenue are expensed when the transportation or service is provided. Advertising costs are expensed as incurred. Advertising expense was \$50 million, \$129 million and \$128 million for the years ended December 31, 2020, 2019 and 2018, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

(o) Share-based Compensation

American accounts for its share-based compensation expense based on the fair value of the stock award at the time of grant, which is recognized ratably over the vesting period of the stock award. The majority of American's stock awards are time vested restricted stock units, and the fair value of such awards is based on the market price of the underlying shares of AAG common stock on the date of grant. See Note 13 for further discussion of share-based compensation.

(p) Foreign Currency Gains and Losses

Foreign currency gains and losses are recorded as part of other income, net within total nonoperating expense, net in American's consolidated statements of operations. For the years ended December 31, 2020, 2019 and 2018, respectively, foreign currency losses were \$24 million, \$32 million and \$54 million.

(q) Other Operating Expenses

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

(r) Regional Expenses

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

	Year Ended December 31,		
	2020	2019	2018
Aircraft fuel and related taxes	\$ 821	\$ 1,869	\$ 1,843
Salaries, wages and benefits	275	325	338
Capacity purchases from third-party regional carriers ⁽¹⁾	2,750	3,562	3,267
Maintenance, materials and repairs	3	30	8
Other rent and landing fees	468	621	583
Aircraft rent	13	29	27
Selling expenses	153	402	369
Depreciation and amortization	273	286	267
Special items, net	(338)	—	—
Other	258	394	362
Total regional expenses	\$ 4,676	\$ 7,518	\$ 7,064

⁽¹⁾ In 2020, 2019, and 2018, American recognized \$438 million, \$590 million and \$565 million, respectively, of expense under its capacity purchase agreement with Republic Airways Inc. (Republic). American holds a 25% equity interest in Republic Airways Holdings Inc. (Republic Holdings), the parent company of Republic.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
2. Special Items, Net

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

	Year Ended December 31,		
	2020	2019	2018
PSP1 Financial Assistance ⁽¹⁾	\$ (3,710)	\$ —	\$ —
Fleet impairment ⁽²⁾	1,484	213	—
Severance expenses ⁽³⁾	1,408	11	58
Labor contract expenses ⁽⁴⁾	228	—	13
Mark-to-market adjustments on bankruptcy obligations, net ⁽⁵⁾	(49)	(11)	(76)
Fleet restructuring expenses ⁽⁶⁾	—	271	422
Merger integration expenses ⁽⁷⁾	—	191	268
Litigation reserve adjustments	—	(53)	45
Intangible asset impairment ⁽⁸⁾	—	—	26
Other operating special items, net	(18)	13	31
Mainline operating special items, net	(657)	635	787
PSP1 Financial Assistance ⁽¹⁾	(444)	—	—
Fleet impairment ⁽²⁾	106	—	—
Regional operating special items, net	(338)	—	—
Operating special items, net	(995)	635	787
Mark-to-market adjustments on equity and other investments, net ⁽⁹⁾	135	(5)	104
Debt refinancing, extinguishment and other, net	35	16	9
Nonoperating special items, net	170	11	113
Income tax special items ⁽¹⁰⁾	—	—	18

(1) PSP1 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP1 Agreement. See Note 1(b) for further information.

(2) The 2020 fleet impairment resulted from American's decision to retire certain aircraft earlier than planned driven by the severe decline in air travel due to the COVID-19 pandemic. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. This 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. See Note 1(g) for further information related to these charges.

The 2019 fleet impairment principally included a non-cash write-down of aircraft related to the retirement of American's Embraer 190 fleet.

(3) The 2020 severance expenses included salary and medical costs primarily 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 the COVID-19 pandemic. Cash payments related to these charges for the year ended December 31, 2020 were approximately \$365 million.

The 2019 and 2018 severance expenses primarily included costs associated with reductions of management and support staff team members.

(4) The 2020 labor contract expenses primarily related 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 American's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

- (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) Merger integration expenses included costs associated with integration projects, principally American's technical operations, flight attendant, human resources and payroll systems.
- (8) Intangible asset impairment included a non-cash charge to write-off American's Brazil route authority as a result of the U.S.-Brazil open skies agreement.
- (9) Mark-to-market adjustments on equity and other investments, net primarily related 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.
- (10) Income tax special items included an \$18 million charge related to an international income tax matter.

3. Debt

Long-term debt included on American's consolidated balance sheets consisted of (in millions):

	December 31,	
	2020	2019
<i>Secured</i>		
2013 Term Loan Facility, variable interest rate of 1.90%, installments through 2025 ^(a)	\$ 1,788	\$ 1,807
2013 Revolving Facility, variable interest rate of 2.15%, due 2024 ^(a)	750	—
2014 Term Loan Facility, variable interest rate of 1.90%, installments through 2027 ^(a)	1,220	1,202
2014 Revolving Facility, variable interest rate of 2.15%, due 2024 ^(a)	1,643	—
April 2016 Term Loan Facility, variable interest rate of 2.15%, installments through 2023 ^(a)	960	970
April 2016 Revolving Facility, variable interest rate of 2.15%, due 2024 ^(a)	450	—
December 2016 Term Loan Facility, variable interest rate of 2.16%, installments through 2023 ^(a)	1,200	1,213
11.75% senior secured notes, interest only payments until due in July 2025 ^(b)	2,500	—
10.75% senior secured IP notes, interest only payments until due in February 2026 ^(b)	1,000	—
10.75% senior secured LGA/DCA notes, interest only payments until due in February 2026 ^(b)	200	—
Treasury Term Loan Facility, variable interest rate of 3.73%, interest only payments until due June 2025 ^(c)	550	—
Enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.00% to 8.39%, averaging 3.98%, maturing from 2021 to 2032 ^(d)	11,013	11,933
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.32% to 5.83%, averaging 1.88%, maturing from 2021 to 2032 ^(e)	4,417	4,727
Special facility revenue bonds, fixed interest rates ranging from 5.00% to 5.38%, maturing from 2021 to 2036 ^(f)	1,040	725
Total long-term debt	28,731	22,577
Less: Total unamortized debt discount, premium and issuance costs	321	205
Less: Current maturities	2,700	2,246
Long-term debt, net of current maturities	\$ 25,710	\$ 20,126

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

As of December 31, 2020, the maximum availability under American's Treasury Term Loan Facility and other facilities is as follows (in millions):

Treasury Term Loan Facility	\$	6,950
Short-term Revolving and Other Facilities		446
Total	\$	7,396

Pursuant to the Treasury Loan Agreement, at December 31, 2020, American had a \$7.5 billion Treasury Term Loan Facility 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 has been extended through the beginning of July 2021. American also currently has approximately \$46 million of available borrowing base under a cargo receivables facility that was entered into in December 2020. 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, consisting primarily of 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.

At December 31, 2020, the maturities of long-term debt are as follows (in millions):

2021	\$	2,749
2022		1,672
2023		4,162
2024		4,401
2025		6,421
2026 and thereafter		9,326
Total	\$	28,731

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

In November 2019, American and AAG entered into the Sixth Amendment to Amended and Restated Credit and Guaranty Agreement, amending the Amended and Restated Credit and Guaranty Agreement dated as of May 21, 2015 (as previously amended, the 2013 Credit Agreement; the revolving credit facility established thereunder, the 2013 Revolving Facility; the term loan facility established thereunder, the 2013 Term Loan Facility; and the 2013 Revolving Facility together with the 2013 Term Loan Facility, the 2013 Credit Facilities), which reduced the total aggregate commitments under the 2013 Revolving Facility to \$750 million from \$1.0 billion. In addition, certain lenders party to the 2013 Credit Agreement extended the maturity date of their commitments under the 2013 Revolving Facility to October 2024 from October 2023.

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.

2014 Credit Facilities

In November 2019, American and AAG entered into the Seventh Amendment to 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 the 2014 Revolving Facility together with the 2014 Term Loan Facility, the 2014 Credit Facilities), which increased the total aggregate commitments under the 2014 Revolving Facility to \$1.6 billion from \$1.5 billion. In addition, certain lenders party to the 2014 Credit Agreement extended the maturity date of their commitments under the 2014 Revolving Facility to October 2024 from October 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

In January 2020, American and AAG entered into the Eighth Amendment to the 2014 Credit Agreement, 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, in aggregate, \$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.

April 2016 Credit Facilities

In November 2019, American and AAG entered into the Fifth Amendment to Credit and Guaranty Agreement, amending the Credit and Guaranty Agreement dated as of April 29, 2016 (as previously amended, the April 2016 Credit Agreement; the revolving credit facility established thereunder, the April 2016 Revolving Facility; the term loan facility established thereunder, the 2016 Term Loan Facility; and the April 2016 Revolving Facility together with the 2016 Term Loan Facility, the April 2016 Credit Facilities), which increased the total aggregate commitments under the April 2016 Revolving Facility to \$450 million from \$300 million. In addition, certain lenders party to the April 2016 Credit Agreement extended the maturity date of their commitments under the April 2016 Revolving Facility to October 2024 from October 2023.

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.

December 2016 Credit Facilities

In December 2016, American and AAG entered into the Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as amended, the December 2016 Credit Agreement; the term loan facility established thereunder, the December 2016 Term Loan Facility; and together with the revolving credit facility that may be established thereunder in the future, the December 2016 Credit Facilities).

Certain details of American's 2013 Credit Facilities, 2014 Credit Facilities, April 2016 Credit Facilities and December 2016 Credit Facilities (collectively referred to as the Credit Facilities) are shown in the table below as of December 31, 2020:

	2013 Credit Facilities		2014 Credit Facilities		April 2016 Credit Facilities		December 2016 Credit Facilities
	2013 Term Loan	2013 Revolving Facility	2014 Term Loan	2014 Revolving Facility	April 2016 Term Loan	April 2016 Revolving Facility	December 2016 Term Loan
Aggregate principal issued or credit facility availability (in millions)	\$1,919	\$750	\$1,280	\$1,643	\$1,000	\$450	\$1,250
Principal outstanding or drawn (in millions)	\$1,788	\$750	\$1,220	\$1,643	\$960	\$450	\$1,200
Maturity date	June 2025	October 2024	January 2027	October 2024	April 2023	October 2024	December 2023
LIBOR margin	1.75%	2.00%	1.75%	2.00%	2.00%	2.00%	2.00%

The term loans under each of the Credit Facilities are repayable in annual installments in an amount equal to 1.00% of the aggregate principal amount issued, with any unpaid balance due on the respective maturity dates. Voluntary prepayments may be made by American at any time.

The 2013 Revolving Facility, 2014 Revolving Facility and April 2016 Revolving Facility provide that American may from time to time borrow, repay and reborrow loans thereunder. The 2013 Revolving Facility and 2014 Revolving Facility have the ability to issue letters of credit thereunder in an aggregate amount outstanding at any time up to \$100 million and \$200 million, respectively. The 2013 Revolving Facility, 2014 Revolving Facility and April 2016 Revolving Facility are each subject to an undrawn annual fee of 0.63%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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

The Credit Facilities contain events of default customary for similar financings, including cross default to other material indebtedness. Upon the occurrence of an event of default, the outstanding obligations may be accelerated and become due and payable immediately. In addition, if a "change of control" occurs, American will (absent an amendment or waiver) be required to repay at par the loans outstanding under the Credit Facilities and terminate the 2013 Revolving Facility, 2014 Revolving Facility and April 2016 Revolving Facility and any revolving credit facility established under the December 2016 Credit Facilities. The Credit Facilities also include covenants that, among other things, require AAG 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 limit the ability of AAG and its restricted subsidiaries to pay dividends and make certain other payments, make certain investments, incur additional indebtedness, incur liens on the collateral, dispose of the collateral, enter into certain affiliate transactions and engage in certain business activities, in each case subject to certain exceptions.

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.

(b) Senior Secured Notes***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 the collateral coverage ratio described below 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.

The 11.75% Senior Secured Notes were issued pursuant to an indenture, dated as of June 30, 2020 (the 11.75% Senior Secured Notes Indenture), by and among American, AAG and Wilmington Trust, National Association, as trustee (the 11.75% Senior Secured Notes Trustee). 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 (collectively, the First Lien 11.75% Senior Secured Notes Collateral). 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 (collectively, the Second Lien 11.75% Senior Secured Notes Collateral and together with the First Lien 11.75% Senior Secured Notes Collateral, the 11.75% Senior Secured Notes Collateral). 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 Second Lien 11.75% Senior Secured Notes Collateral also secures the 2014 Credit Facilities on a first-lien basis.

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 11.75% Senior Secured Notes being redeemed plus a make whole premium, together with accrued and unpaid interest thereon, if any, to (but not including) the redemption date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

In the event of a specified change of control, each holder of 11.75% Senior Secured Notes may require American to repurchase its 11.75% Senior Secured Notes in whole or in part at a repurchase price of 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to (but not including) the repurchase date.

American is required to deliver an appraisal of the First Lien 11.75% Senior Secured Notes Collateral and officer's certificate on a semi-annual basis demonstrating the calculation of a collateral coverage ratio in relation to the First Lien 11.75% Senior Secured Notes Collateral as of the end of each semi-annual period based on such appraisal. If American fails to deliver the officer's certificate in a timely manner or the collateral coverage ratio is less than 1.6 to 1.0 as of the end of the semi-annual period, then, subject to an opportunity to cure the deficiency in the collateral coverage ratio, American will be required to pay special interest in an additional amount equal to 2.0% per annum of the outstanding principal amount of the 11.75% Senior Secured Notes until the collateral coverage ratio is established to be at least 1.6 to 1.0.

The 11.75% Senior Secured Notes Indenture contains 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 11.75% Senior Secured Notes Collateral and dispose of or release the 11.75% 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, (vii) undergo certain change of control transactions, and (viii) designate subsidiaries as unrestricted. These covenants are subject to a number of important exceptions and qualifications set forth in the 11.75% Senior Secured Notes Indenture.

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 11.75% Senior Secured Notes may be declared to be due and payable immediately. Upon the occurrence of certain bankruptcy, insolvency or reorganization events affecting American or certain of its subsidiaries (including American), all outstanding 11.75% Senior Secured Notes will become due and payable immediately without further action or notice on the part of the 11.75% Senior Secured Notes Trustee or any holder of the 11.75% Senior Secured Notes.

10.75% Senior Secured Notes

On September 25, 2020 (the 10.75% Senior Secured Notes Closing Date), American issued \$1.0 billion in initial principal amount of senior secured IP notes (the IP Notes) and \$200 million in initial principal amount of senior secured LGA/DCA 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. 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.

The proceeds from the 10.75% Senior Secured Notes were used 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 also secures on a first-lien basis the December 2016 Credit Facilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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 thereon, if any. 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 thereon, if any. 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 thereon, if any.

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 thereon, 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. In addition, the 10.75% Senior Secured Notes Indentures include covenants that require AAG to maintain (a) 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 (b) a certain minimum ratio of appraised value of the collateral to outstanding debt secured thereby on a first lien basis as further described below in "Certain Covenants." 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.

(c) Treasury Loan Agreement

On September 25, 2020, American and AAG entered into a Loan and Guarantee Agreement (the Treasury Loan Agreement) with Treasury, which provided 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, which increased the borrowing amount to up to \$7.5 billion.

As of December 31, 2020, American had 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. Subsequently, on January 15, 2021, American and AAG entered into an amendment to the Treasury Loan Agreement, which extended this deadline to May 28, 2021. The proceeds from the Treasury Term Loan Facility were, and 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 bears 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 December 31, 2020, the applicable interest rate for the \$550 million loan drawn under the Treasury Term Loan Facility was 3.73% per annum through September 15, 2021, at which time the interest rate will reset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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.

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 and the Treasury Loan Agreement, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
(d) EETCs
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 (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. In 2020, the remaining \$293 million of the proceeds had been used to purchase equipment notes issued by American in connection with the financing of seven 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 175 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.

Certain information regarding the 2019-1 Aircraft EETC equipment notes, as of December 31, 2020, is set forth in the table below.

	2019-1 Aircraft EETCs		
	Series AA	Series A	Series B
Aggregate principal issued	\$579 million	\$289 million	\$229 million
Fixed interest rate per annum	3.15%	3.50%	3.85%
Maturity date	February 2032	February 2032	February 2028

(e) Equipment Loans and Other Notes Payable Issued in 2020

In 2020, American entered into agreements under which it borrowed \$307 million in connection with the financing or refinancing, as the case may be, of certain aircraft and other flight equipment, 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 2.28% at December 31, 2020.

(f) Special Facility Revenue Bonds Issued in 2020

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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
Guarantees

As of December 31, 2020, American had issued guarantees covering AAG's \$1.8 billion aggregate principal amount of the PSP1 Promissory Note due April 2030, \$1.0 billion aggregate principal amount of 6.50% convertible senior notes due July 2025, \$750 million aggregate principal amount of 5.000% senior notes due June 2022 and \$500 million aggregate principal amount of 3.75% senior notes due March 2025.

Certain Covenants

Certain of American's debt financing agreements (including its secured notes, term loans, revolving credit facilities and spare engine EETCs) contain loan to value (LTV) or collateral coverage ratio covenants and require American to appraise the related collateral annually or semiannually. Pursuant to such agreements, if the LTV or collateral coverage ratio exceeds a specified threshold or if the value of the appraised collateral fails to meet a specified threshold, as the case may be, American is 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, or the interest rate for the financing under such agreements will be increased. Additionally, a significant portion 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 its 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.

Specifically, American is required to meet certain collateral coverage tests for its Credit Facilities, 10.75% Senior Secured Notes, 11.75% Senior Secured Notes and Treasury Loan Agreement, as described below:

	2013 Credit Facilities	2014 Credit Facilities	April 2016 Credit Facilities	December 2016 Credit Facilities	10.75% Senior Secured Notes	11.75% Senior Secured Notes	Treasury Loan Agreement
Frequency of Appraisals of Appraised Collateral	Annual	Annual	Annual	Annual	Annual	Semi-Annual	Semi-Annual
LTV Requirement	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)						
LTV as of Last Measurement Date	53.1%	44.3%	48.0%	61.2%	61.2%	35.2%	De Minimis
Collateral Description	Generally, certain slots, route authorities and airport gate leasehold rights used by American to operate all services between the U.S. and South America	Generally, certain slots, route authorities and airport gate leasehold rights used by American to operate certain services between the U.S. and European Union (including London Heathrow)	Generally, certain spare parts	Generally, certain Ronald Reagan Washington National Airport (DCA) slots, certain La Guardia Airport (LGA) slots, certain simulators and certain leasehold rights	Generally, certain DCA slots, certain LGA slots, certain simulators and certain leasehold rights and, in the case of the IP Notes, certain intellectual property of American	Generally, certain slots, route authorities and airport gate leasehold rights used by American to operate certain services between the U.S. and the Caribbean, Central America and various other countries	Generally, certain rights under U.S. co-branded credit card agreements and certain other loyalty program agreements and intellectual property related to AAdvantage

At December 31, 2020, American was in compliance with the applicable collateral coverage tests as of the most recent measurement dates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

4. Leases

American leases certain aircraft and engines, including aircraft under capacity purchase agreements. As of December 31, 2020, American had 641 leased aircraft, with remaining terms ranging from less than one year to 12 years.

At each airport where American conducts flight operations, American has agreements, generally with a governmental unit or authority, for the use of passenger, operations and baggage handling space as well as runways and taxiways. These agreements, particularly in the U.S., often contain provisions for periodic adjustments to rates and charges applicable under such agreements. These rates and charges also vary with American's level of operations and the operations of the airport. Because of the variable nature of these rates, these leases are not recorded on American's balance sheet as a ROU asset or a lease liability. Additionally, at American's hub locations and in certain other cities it serves, American leases administrative offices, catering, cargo, training, maintenance and other facilities.

The components of lease expense were as follows (in millions):

	Year Ended December 31,		
	2020	2019	2018
Operating lease cost	\$ 1,943	\$ 2,012	\$ 1,889
Finance lease cost:			
Amortization of assets	92	79	78
Interest on lease liabilities	38	43	48
Variable lease cost	1,786	2,542	2,353
Total net lease cost	<u>\$ 3,859</u>	<u>\$ 4,676</u>	<u>\$ 4,368</u>

Included in the table above is \$172 million, \$236 million and \$226 million of operating lease cost under American's capacity purchase agreement with Republic for the years ended December 31, 2020, 2019 and 2018, respectively. American holds a 25% equity interest in Republic Holdings, the parent company of Republic.

Additionally, not included in the table above, American recognized \$109 million in cash special charges in 2020 related to the impairment of ROU assets and lease return costs resulting from its decision to retire certain leased aircraft earlier than planned driven by the severe decline in air travel due to the COVID-19 pandemic.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Supplemental balance sheet information related to leases was as follows (in millions, except lease term and discount rate):

	December 31,	
	2020	2019
Operating leases:		
Operating lease ROU assets	\$ 7,994	\$ 8,694
Current operating lease liabilities	\$ 1,641	\$ 1,695
Noncurrent operating lease liabilities	6,739	7,388
Total operating lease liabilities	\$ 8,380	\$ 9,083
Finance leases:		
Property and equipment, at cost	\$ 1,021	\$ 954
Accumulated amortization	(539)	(447)
Property and equipment, net	\$ 482	\$ 507
Current finance lease liabilities	\$ 100	\$ 112
Noncurrent finance lease liabilities	472	558
Total finance lease liabilities	\$ 572	\$ 670
Weighted average remaining lease term (in years):		
Operating leases	7.4	7.4
Finance leases	5.4	6.2
Weighted average discount rate:		
Operating leases	5.6 %	4.7 %
Finance leases	6.3 %	6.2 %

Supplemental cash flow and other information related to leases was as follows (in millions):

	Year Ended December 31,		
	2020	2019	2018
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 2,015	\$ 1,996	\$ 1,914
Operating cash flows from finance leases	39	43	48
Financing cash flows from finance leases	114	83	78
Non-cash transactions:			
ROU assets acquired through operating leases	898	1,144	1,258
Operating lease conversion to finance lease	5	41	—
Property and equipment acquired through finance leases	11	20	—
Gain on sale leaseback transactions, net	107	107	59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Maturities of lease liabilities were as follows (in millions):

	December 31, 2020	
	Operating Leases	Finance Leases
2021	\$ 1,932	\$ 131
2022	1,764	136
2023	1,575	114
2024	1,184	120
2025	808	85
2026 and thereafter	3,291	89
Total lease payments	<u>10,554</u>	<u>675</u>
Less: Imputed interest	<u>(2,174)</u>	<u>(103)</u>
Total lease obligations	8,380	572
Less: Current obligations	<u>(1,641)</u>	<u>(100)</u>
Long-term lease obligations	<u>\$ 6,739</u>	<u>\$ 472</u>

As of December 31, 2020, American has additional operating lease commitments that have not yet commenced of approximately \$1.7 billion for 19 Boeing 787-8 aircraft to be delivered in 2021 with lease terms of 10 years.

5. Income Taxes

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

	Year Ended December 31,		
	2020	2019	2018
Current income tax provision (benefit):			
State and Local	\$ —	\$ 2	\$ 3
Foreign	—	8	28
Current income tax provision (benefit)	<u>—</u>	<u>10</u>	<u>31</u>
Deferred income tax provision (benefit):			
Federal	(2,224)	567	453
State and Local	(229)	56	50
Deferred income tax provision (benefit)	<u>(2,453)</u>	<u>623</u>	<u>503</u>
Total income tax provision (benefit)	<u>\$ (2,453)</u>	<u>\$ 633</u>	<u>\$ 534</u>

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

	Year Ended December 31,		
	2020	2019	2018
Statutory income tax provision (benefit)	\$ (2,290)	\$ 547	\$ 460
State income tax provision (benefit), net of federal tax effect	(181)	41	46
Book expenses not deductible for tax purposes	20	29	10
Foreign income taxes, net of federal tax effect	—	8	22
Change in valuation allowance	—	5	(6)
Other, net	(2)	3	2
Income tax provision (benefit)	<u>\$ (2,453)</u>	<u>\$ 633</u>	<u>\$ 534</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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

	December 31,	
	2020	2019
Deferred tax assets:		
Operating loss carryforwards and other credits	\$ 3,944	\$ 2,115
Loyalty program liability	1,977	1,755
Leases	1,904	2,067
Pensions	1,397	1,219
Postretirement benefits other than pensions	203	145
Rent expense	96	126
Reorganization items	28	30
Alternative minimum tax (AMT) credit carryforwards	—	118
Other	796	569
Total deferred tax assets	10,345	8,144
Valuation allowance	(24)	(24)
Net deferred tax assets	10,321	8,120
Deferred tax liabilities:		
Accelerated depreciation and amortization	(4,992)	(5,153)
Leases	(1,809)	(1,968)
Other	(294)	(340)
Total deferred tax liabilities	(7,095)	(7,461)
Net deferred tax asset	\$ 3,226	\$ 659

At December 31, 2020, American had approximately \$16.5 billion of federal net operating losses (NOLs) available to reduce future federal taxable income, of which \$8.9 billion will expire beginning in 2023 if unused and \$7.6 billion can be carried forward indefinitely (NOL Carryforwards). American is a member of AAG's consolidated federal and certain state income tax returns. American also had approximately \$5.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2020, which will expire in taxable years 2020 through 2040 if unused.

American's ability to use its NOL Carryforwards depends on the amount of taxable income generated in future periods. American provides a valuation allowance for its deferred tax assets, which include the NOLs, when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. American considers all available positive and negative evidence and makes certain assumptions in evaluating the realizability of its deferred tax assets. Many factors are considered that impact American's assessment of future profitability, including conditions which are beyond its control, such as the health of the economy, the availability and price volatility of aircraft fuel and travel demand. American presently has a \$24 million valuation allowance on certain net deferred tax assets related to state NOL Carryforwards. There can be no assurance that an additional valuation allowance on American's net deferred tax assets will not be required. Such valuation allowance could be material.

American's ability to deduct its NOL Carryforwards and to utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 where an "ownership change" has occurred. Substantially all of American's remaining federal NOL Carryforwards attributable to US Airways Group are subject to limitation under Section 382; however, American's ability to utilize such NOL Carryforwards is not anticipated to be effectively constrained as a result of such limitation. Similar limitations may apply for state income tax purposes. American's ability to utilize any new NOL Carryforwards arising after the ownership changes is not affected by the annual limitation rules imposed by Section 382 unless another ownership change occurs. Under the Section 382 limitation, cumulative stock ownership changes among material stockholders exceeding 50% during a rolling three-year period can potentially limit American's future use of NOLs and tax credits.

At December 31, 2019, American had an AMT credit carryforward of approximately \$226 million available for federal income tax purposes, which was fully refunded in 2020 as a result of the CARES Act.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

In 2020, American recorded an income tax benefit of \$2.5 billion, with an effective rate of approximately 22%, which was substantially non-cash. Substantially all of American's income before income taxes is attributable to the United States.

American files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. American's 2017 through 2019 tax years are still subject to examination by the Internal Revenue Service. Various state and foreign jurisdiction tax years remain open to examination and American is under examination, in administrative appeals, or engaged in tax litigation in certain jurisdictions. American believes that the effect of any assessments will not be material to its consolidated financial statements.

The amount of, and changes to, American's uncertain tax positions were not material in any of the years presented. American accrues interest and penalties related to unrecognized tax benefits in interest expense and operating expense, respectively.

6. Risk Management

American's economic prospects are heavily dependent upon two variables it cannot control: general economic conditions and the price of fuel.

Due to the discretionary nature of business and leisure travel spending and the highly competitive nature of the airline industry, American's 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 American's competitors, all of which in turn have had, and may have in the future, a strong negative effect on American's 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, American can provide no assurance as to when and at what pace demand for air travel will return to pre-COVID-19 pandemic levels, if at all. Accordingly, American cannot predict the ultimate impact of the COVID-19 pandemic on its business, financial condition and results of operations. In addition, during challenging economic times, actions by its competitors to increase their revenues can have an adverse impact on American's revenues.

American's operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in American's business. Aircraft fuel prices have in the past, and may in the future, experience substantial volatility. Because of the amount of fuel needed to operate American's business, even a relatively small increase or decrease in the price of aircraft fuel can have a material effect on American's operating results and liquidity.

These additional factors could impact American's results of operations, financial performance and liquidity:

(a) Credit Risk

American's accounts receivable relate primarily to its contracts with airline and non-airline business partners, including its co-branded credit card partners, and to tickets sold to individual passengers primarily through the use of major credit cards. Receivables from American's business partners are typically settled within 30 days. Receivables from ticket sales are short-term, mostly settled within seven days after sale. All accounts receivable are reported net of an allowance for credit losses, which have been minimal in the past. American considers past and future financial and qualitative factors when establishing the allowance for credit losses. American does not believe it is subject to any significant concentration of credit risk.

(b) Interest Rate Risk

American has exposure to market risk associated with changes in interest rates related primarily to its LIBOR variable-rate debt obligations. Interest rates on \$12.8 billion principal amount of long-term debt as of December 31, 2020 are subject to adjustment to reflect changes in floating interest rates. The weighted average effective interest rate on American's variable-rate debt was 2.0% at December 31, 2020. American currently does not have an interest rate hedge program to hedge its exposure to floating interest rates on its variable-rate debt obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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. The discontinuation date for submission and publication of rates for certain tenors of USD LIBOR (1-month, 3-month, 6-month, and 12-month) is currently under consultation by the ICE Benchmark Administration (the administrator of LIBOR) and may be extended until June 30, 2023. 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. The replacement of LIBOR with a comparable or successor rate could cause the amount of interest payable on American's long-term debt to be different or higher than expected.

(c) Foreign Currency Risk

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

7. Fair Value Measurements and Other Investments
Assets Measured at Fair Value on a Recurring Basis

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

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

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

American utilizes the market approach to measure 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 year ended December 31, 2020.

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

	Fair Value Measurements as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Short-term investments ^{(1), (2)}:				
Money market funds	\$ 245	\$ 245	\$ —	\$ —
Corporate obligations	3,449	—	3,449	—
Bank notes/certificates of deposit/time deposits	2,168	—	2,168	—
Repurchase agreements	755	—	755	—
	<u>6,617</u>	<u>245</u>	<u>6,372</u>	<u>—</u>
Restricted cash and short-term investments ^{(1), (3)}	609	448	161	—
Long-term investments ⁽⁴⁾	161	161	—	—
Total	<u>\$ 7,387</u>	<u>\$ 854</u>	<u>\$ 6,533</u>	<u>\$ —</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

	Fair Value Measurements as of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Short-term investments ⁽¹⁾ :				
Money market funds	\$ 331	\$ 331	\$ —	\$ —
Bank notes/certificates of deposit/time deposits	2,106	—	2,106	—
Corporate obligations	1,021	—	1,021	—
Repurchase agreements	85	—	85	—
	<u>3,543</u>	<u>331</u>	<u>3,212</u>	<u>—</u>
Restricted cash and short-term investments ⁽¹⁾	158	10	148	—
Long-term investments ⁽⁴⁾	204	204	—	—
Total	\$ 3,905	\$ 545	\$ 3,360	\$ —

- (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 as of December 31, 2020 mature in one year or less except for \$235 million of bank notes/certificates of deposit/time deposits.
- (3) Restricted cash and short-term investments primarily include 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.
- (4) 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 consolidated balance sheets.

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):

	December 31, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	\$ 28,410	\$ 27,193	\$ 22,372	\$ 23,196

Other Investments

American has an approximate 25% ownership interest in Republic Holdings, which it received in 2017 in consideration for its unsecured claim in the Republic Holdings bankruptcy case. This ownership interest is accounted for under the equity method and American's portion of Republic Holdings' financial results is recognized within other, net on the consolidated statements of operations and the investment is reflected within other assets on its consolidated balance sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
8. Employee Benefit Plans

American sponsors defined benefit and defined contribution pension plans for eligible employees. The defined benefit pension plans provide benefits for participating employees based on years of service and average compensation for a specified period of time before retirement. Effective November 1, 2012, substantially all of American's defined benefit pension plans were frozen and American began providing enhanced benefits under its defined contribution pension plans for certain employee groups. American uses a December 31 measurement date for all of its defined benefit pension plans. American also provides certain retiree medical and other postretirement benefits, including health care and life insurance benefits, to retired employees. Effective November 1, 2012, American modified its retiree medical and other postretirement benefits plans to eliminate the company subsidy for employees who retire on or after November 1, 2012. As a result of modifications to its retiree medical and other postretirement benefits plans in 2012, American recognized a negative plan amendment of \$1.9 billion, which was included as a component of prior service benefit in accumulated other comprehensive income (loss) (AOCI) and was amortized over the future service life of the active plan participants for whom the benefit was eliminated. As of December 31, 2020, this prior service benefit was fully amortized.

Effective January 1, 2021, health coverage under American's retiree medical benefit program that is currently provided to certain retirees age 65 and over who retired prior to November 1, 2012, transitioned from a self-insured plan to a fully-insured Medicare Advantage plan. Benefits coverage has not been reduced and cost shared has not changed as a result of this transition. Due to this transition, as of December 31, 2020, American recognized a negative plan amendment of \$313 million to reduce its benefit obligation, which was included as a component of prior service cost in accumulated other comprehensive loss and will be amortized over the average remaining life expectancy of all retirees, or approximately 13.3 years.

Benefit Obligations, Fair Value of Plan Assets and Funded Status

The following tables provide a reconciliation of the changes in the pension and retiree medical and other postretirement benefits obligations, fair value of plan assets and a statement of funded status as of December 31, 2020 and 2019:

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2020	2019	2020	2019
	(In millions)			
Benefit obligation at beginning of period	\$ 18,246	\$ 16,282	\$ 824	\$ 837
Service cost	2	2	8	3
Interest cost	611	699	30	33
Actuarial loss ^{(1), (2)}	1,603	1,951	46	20
Special termination benefits ⁽³⁾	—	—	410	—
Plan amendments ⁽⁴⁾	—	—	(195)	—
Settlements	(36)	(2)	—	—
Benefit payments	(736)	(686)	(77)	(74)
Other	—	—	—	5
Benefit obligation at end of period	\$ 19,690	\$ 18,246	\$ 1,046	\$ 824
Fair value of plan assets at beginning of period	\$ 12,829	\$ 10,001	\$ 204	\$ 225
Actual return on plan assets	1,414	2,292	13	41
Employer contributions ⁽⁵⁾	6	1,224	30	12
Settlements	(36)	(2)	—	—
Benefit payments	(736)	(686)	(77)	(74)
Fair value of plan assets at end of period	\$ 13,477	\$ 12,829	\$ 170	\$ 204
Funded status at end of period	\$ (6,213)	\$ (5,417)	\$ (876)	\$ (620)

⁽¹⁾ The 2020 and 2019 pension actuarial loss primarily relates to the change in American's weighted average discount rate assumption and, additionally, in 2019, the change to American's mortality assumption.

⁽²⁾ The 2020 retiree medical and other postretirement benefits actuarial loss primarily relates to the change in American's weighted average discount rate assumption.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

The 2019 retiree medical and other postretirement benefits actuarial loss primarily relates to changes in American's weighted average discount rate assumption and plan experience adjustments.

- (3) 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 the COVID-19 pandemic. During the third quarter of 2020, American recognized a \$410 million special charge for these enhanced healthcare benefits and increased its postretirement benefits obligation by \$410 million.
- (4) Principally relates to the transition of American's retiree medical benefit program from a self-insured plan to a fully-insured Medicare Advantage plan as discussed above.
- (5) Pursuant to the CARES Act, minimum required 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. During 2019, American contributed \$1.2 billion to its defined benefit pension plans, including a \$780 million minimum required contribution and supplemental contributions of \$444 million.

Balance Sheet Position

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2020	2019	2020	2019
	(In millions)			
As of December 31,				
Current liability	\$ 7	\$ 5	\$ 55	\$ 24
Noncurrent liability	6,206	5,412	821	596
Total liabilities	\$ 6,213	\$ 5,417	\$ 876	\$ 620
Net actuarial loss (gain)	\$ 6,679	\$ 5,662	\$ (358)	\$ (426)
Prior service cost (benefit)	75	102	(181)	(120)
Total accumulated other comprehensive loss (income), pre-tax	\$ 6,754	\$ 5,764	\$ (539)	\$ (546)

Plans with Projected Benefit Obligations Exceeding Fair Value of Plan Assets

	Pension Benefits	
	2020	2019
	(In millions)	
Projected benefit obligation	\$ 19,690	\$ 18,215
Fair value of plan assets	13,477	12,794

Plans with Accumulated Benefit Obligations Exceeding Fair Value of Plan Assets

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2020	2019	2020	2019
	(In millions)			
Accumulated benefit obligation (ABO)	\$ 19,678	\$ 18,204	\$ —	\$ —
Accumulated postretirement benefit obligation	—	—	1,046	824
Fair value of plan assets	13,477	12,794	170	204

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
Net Periodic Benefit Cost (Income)

	Pension Benefits			Retiree Medical and Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
	(In millions)					
Defined benefit plans:						
Service cost	\$ 2	\$ 2	\$ 2	\$ 8	\$ 3	\$ 5
Interest cost	611	699	670	30	33	35
Expected return on assets	(1,005)	(811)	(901)	(11)	(15)	(24)
Special termination benefits	—	—	—	410	—	—
Settlements	12	—	—	—	—	—
Amortization of:						
Prior service cost (benefit)	29	28	28	(135)	(236)	(236)
Unrecognized net loss (gain)	164	150	140	(24)	(31)	(21)
Net periodic benefit cost (income)	<u>\$ (187)</u>	<u>\$ 68</u>	<u>\$ (61)</u>	<u>\$ 278</u>	<u>\$ (246)</u>	<u>\$ (241)</u>

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 American's consolidated statements of operations.

Assumptions

The following actuarial assumptions were used to determine American's benefit obligations and net periodic benefit cost (income) for the periods presented:

	Pension Benefits		Retiree Medical and Other Postretirement Benefits			
	2020	2019	2020	2019		
Benefit obligations:						
Weighted average discount rate	2.7%	3.4%	2.4%	3.3%		
	Pension Benefits			Retiree Medical and Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
Net periodic benefit cost (income):						
Weighted average discount rate	3.4%	4.4%	3.8%	3.2%	4.3%	3.6%
Weighted average expected rate of return on plan assets	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Weighted average health care cost trend rate assumed for next year ⁽¹⁾	N/A	N/A	N/A	4.0%	3.7%	3.9%

⁽¹⁾ The weighted average health care cost trend rate at December 31, 2020 is assumed to decline gradually to 3.4% by 2027 and remain level thereafter.

As of December 31, 2020, American's estimate of the long-term rate of return on plan assets was 8.0% based on the target asset allocation. Expected returns on long duration bonds are based on yields to maturity of the bonds held at year-end. Expected returns on other assets are based on a combination of long-term historical returns, actual returns on plan assets achieved over the last ten years, current and expected market conditions, and expected value to be generated through active management and securities lending programs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
Minimum Contributions

American is required to make minimum contributions to its defined benefit pension plans under the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and various other laws for U.S. based plans as well as underfunding rules specific to countries where American maintains defined benefit plans. Based on current funding assumptions, American has minimum required contributions of \$694 million for 2021 including \$130 million of minimum contributions required for 2020 that were deferred pursuant to the CARES Act as discussed above. In January 2021, American made \$241 million of required pension contributions, including the \$130 million minimum contributions required for 2020. American's funding obligations will depend on the performance of American's investments held in trust by the pension plans, interest rates for determining liabilities, the amount of and timing of any supplemental contributions and American's actuarial experience.

Benefit Payments

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

	2021	2022	2023	2024	2025	2026-2030
Pension benefits	\$ 786	\$ 825	\$ 868	\$ 909	\$ 947	\$ 5,120
Retiree medical and other postretirement benefits	102	93	89	86	82	356

Plan Assets

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

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

Asset Class/Sub-Class	Allowed Range
Equity	45% - 80%
Public:	
U.S. Large	10% - 40%
U.S. Small/Mid	2% - 10%
International	10% - 25%
International Small/Mid	0% - 10%
Emerging Markets	2% - 15%
Alternative Investments	5% - 30%
Fixed Income	20% - 55%
Public:	
U.S. Long Duration	15% - 45%
High Yield and Emerging Markets	0% - 10%
Private Income	0% - 15%
Other	0% - 5%
Cash Equivalents	0% - 20%

U.S. long duration bonds are used to partially hedge the assets from declines in interest rates. Public equity as well as high yield fixed income securities are used to provide diversification and are expected to generate higher returns over the long-term than U.S. long duration bonds. Alternative (private) investments are used to provide expected returns in excess of the public markets over the long-term. The pension plan's master trust also participates in securities lending programs to generate additional income by loaning plan assets to borrowers on a fully collateralized basis. These programs are subject to market risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Investments in securities traded on recognized securities exchanges are valued at the last reported sales price on the last business day of the year. Securities traded in the over-the-counter market are valued at the last bid price. Investments in limited partnerships are carried at estimated net asset value as determined by and reported by the general partners of the partnerships and represent the proportionate share of the estimated fair value of the underlying assets of the limited partnerships. Common/collective trusts are valued at net asset value based on the fair values of the underlying investments of the trusts as determined by the sponsor of the trusts. No changes in valuation techniques or inputs occurred during the year.

Benefit Plan Assets Measured at Fair Value on a Recurring Basis

The fair value of American's pension plan assets at December 31, 2020 and 2019, by asset category, were as follows (in millions):

Asset Category	Fair Value Measurements as of December 31, 2020			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and cash equivalents	\$ 40	\$ —	\$ —	\$ 40
Equity securities:				
International markets ^{(a), (b)}	2,282	—	—	2,282
Large-cap companies ^(b)	2,085	—	—	2,085
Mid-cap companies ^(b)	428	—	—	428
Small-cap companies ^(b)	73	1	—	74
Fixed income:				
Corporate debt ^(c)	—	3,026	—	3,026
Government securities ^(d)	—	1,010	—	1,010
U.S. municipal securities	—	30	—	30
Alternative instruments:				
Private market partnerships ^(e)	—	—	15	15
Private market partnerships measured at net asset value ^{(e), (f)}	—	—	—	1,791
Common/collective trusts ^(g)	—	259	—	259
Common/collective trusts measured at net asset value ^{(f), (g)}	—	—	—	2,384
Insurance group annuity contracts	—	—	2	2
Dividend and interest receivable	49	—	—	49
Due from brokers for sale of securities – net	1	—	—	1
Other receivables – net	1	—	—	1
Total	\$ 4,959	\$ 4,326	\$ 17	\$ 13,477

^(a) Holdings are diversified as follows: 11% Switzerland, 11% Ireland, 10% United Kingdom, 9% France, 8% Japan, 7% Germany, 6% Netherlands, 13% emerging markets and the remaining 25% with no concentration greater than 5% in any one country.

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

^(c) Includes approximately 77% investments in corporate debt with a S&P rating lower than A and 23% investments in corporate debt with a S&P rating A or higher. Holdings include 89% U.S. companies, 9% international companies and 2% emerging market companies.

^(d) Includes approximately 89% investments in U.S. domestic government securities, 9% in emerging market government securities and 2% in international government securities. There are no significant foreign currency risks within this classification.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

- (e) Includes limited partnerships that invest primarily in domestic private equity and private income opportunities. The pension plan's master trust does not have the right to redeem its limited partnership investment at its net asset value, but rather receives distributions as the underlying assets are liquidated. It is estimated that the underlying assets of these funds will be gradually liquidated over the next one to ten years. Additionally, the pension plan's master trust has future funding commitments of approximately \$1.6 billion over the next ten years.
- (f) Certain investments that are measured using net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the notes to the consolidated financial statements.
- (g) Investment includes 34% in a common/collective trust investing in large market capitalization equity securities within the U.S., 30% in three common/collective trusts investing in emerging country equity securities, 21% in a common/collective trust investing in equity securities of companies located outside the U.S., 9% in a collective interest trust investing primarily in short-term securities, 5% in a common/collective trust investing in smaller market capitalization equity securities within the U.S. and 1% in Canadian segregated balanced value, income growth and diversified pooled funds. For some trusts, requests for withdrawals must meet specific requirements with advance notice of redemption preferred.

Asset Category	Fair Value Measurements as of December 31, 2019			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and cash equivalents	\$ 20	\$ —	\$ —	\$ 20
Equity securities:				
International markets ^{(a), (b)}	2,769	—	—	2,769
Large-cap companies ^(b)	2,312	—	—	2,312
Mid-cap companies ^(b)	543	—	—	543
Small-cap companies ^(b)	97	—	—	97
Fixed income:				
Corporate debt ^(c)	—	2,804	—	2,804
Government securities ^(d)	—	923	—	923
U.S. municipal securities	—	51	—	51
Mortgage backed securities	—	4	—	4
Alternative instruments:				
Private market partnerships ^(e)	—	—	10	10
Private market partnerships measured at net asset value ^{(e), (f)}	—	—	—	1,464
Common/collective trusts ^(g)	—	358	—	358
Common/collective trusts and 103-12 Investment Trust measured at net asset value ^{(f), (g)}	—	—	—	1,423
Insurance group annuity contracts	—	—	2	2
Dividend and interest receivable	53	—	—	53
Due to brokers for sale of securities – net	(4)	—	—	(4)
Total	\$ 5,790	\$ 4,140	\$ 12	\$ 12,829

(a) Holdings are diversified as follows: 14% United Kingdom, 8% Switzerland, 8% Ireland, 7% Japan, 7% France, 6% South Korea, 6% Canada, 18% emerging markets and the remaining 26% with no concentration greater than 5% in any one country.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

- (c) Includes approximately 76% investments in corporate debt with a S&P rating lower than A and 24% investments in corporate debt with a S&P rating A or higher. Holdings include 86% U.S. companies, 11% international companies and 3% emerging market companies.
- (d) Includes approximately 79% investments in U.S. domestic government securities, 13% in emerging market government securities and 8% in international government securities. There are no significant foreign currency risks within this classification.
- (e) Includes limited partnerships that invest primarily in domestic private equity and private income opportunities. The pension plan's master trust does not have the right to redeem its limited partnership investment at its net asset value, but rather receives distributions as the underlying assets are liquidated. It is estimated that the underlying assets of these funds will be gradually liquidated over the next one to ten years. Additionally, the pension plan's master trust has future funding commitments of approximately \$1.4 billion over the next ten years.
- (f) Certain investments that are measured using net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the notes to the consolidated financial statements.
- (g) Investment includes 36% in a common/collective trust investing in securities of larger companies within the U.S., 29% in a common/collective trust investing in securities of smaller companies located outside the U.S., 16% in a collective interest trust investing primarily in short-term securities, 15% in an emerging market 103-12 Investment Trust with investments in emerging country equity securities and 4% in Canadian segregated balanced value, income growth and diversified pooled funds. For some trusts, requests for withdrawals must meet specific requirements with advance notice of redemption preferred.

Changes in fair value measurements of Level 3 investments during the year ended December 31, 2020, were as follows (in millions):

	Private Market Partnerships	Insurance Group Annuity Contracts
Beginning balance at December 31, 2019	\$ 10	\$ 2
Actual gain on plan assets:		
Relating to assets still held at the reporting date	1	—
Purchases	4	—
Ending balance at December 31, 2020	<u>\$ 15</u>	<u>\$ 2</u>

Changes in fair value measurements of Level 3 investments during the year ended December 31, 2019, were as follows (in millions):

	Private Market Partnerships	Insurance Group Annuity Contracts
Beginning balance at December 31, 2018	\$ 7	\$ 2
Purchases	3	—
Ending balance at December 31, 2019	<u>\$ 10</u>	<u>\$ 2</u>

The fair value of American's retiree medical and other postretirement benefits plans assets by asset category, were as follows (in millions):

Asset Category	Fair Value Measurements as of December 31, 2020			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market fund	\$ 4	\$ —	\$ —	\$ 4
Mutual funds – AAL Class	—	166	—	166
Total	<u>\$ 4</u>	<u>\$ 166</u>	<u>\$ —</u>	<u>\$ 170</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Asset Category	Fair Value Measurements as of December 31, 2019			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market fund	\$ 4	\$ —	\$ —	\$ 4
Mutual funds – AAL Class	—	200	—	200
Total	\$ 4	\$ 200	\$ —	\$ 204

Investments in the retiree medical and other postretirement benefits plans' mutual funds are valued by quoted prices on the active market, which is fair value, and represents the net asset value of the shares of such funds as of the close of business at the end of the period. Net asset value is based on the fair market value of the funds' underlying assets and liabilities at the date of determination. The AAL Class mutual funds are offered only to benefit plans of American, therefore, trading is restricted only to American, resulting in a fair value classification of Level 2. Investments included approximately 25% and 24% of investments in non-U.S. common stocks in 2020 and 2019, respectively.

Defined Contribution and Multiemployer Plans

The costs associated with American's defined contribution plans were \$835 million, \$836 million and \$825 million for the years ended December 31, 2020, 2019 and 2018, respectively.

American participates in the International Association of Machinists & Aerospace Workers (IAM) National Pension Fund, Employer Identification No. 51-6031295 and Plan No. 002 (the IAM Pension Fund). American's contributions to the IAM Pension Fund were \$40 million, \$32 million and \$31 million for the years ended December 31, 2020, 2019 and 2018, respectively. The IAM Pension Fund reported \$510 million in employers' contributions for the year ended December 31, 2019, which is the most recent year for which such information is available. For 2019, American's contributions represented more than 5% of total contributions to the IAM Pension Fund.

On March 29, 2019, the actuary for the IAM Pension Fund certified that the fund was in "endangered" status despite reporting a funded status of over 80%. Additionally, the IAM Pension Fund's Board voluntarily elected to enter into "critical" status on April 17, 2019. Upon entry into critical status, the IAM Pension Fund was required by law to adopt a rehabilitation plan aimed at restoring the financial health of the pension plan and did so on April 17, 2019 (the Rehabilitation Plan). Under the Rehabilitation Plan, American was subject to an immaterial contribution surcharge, which ceased to apply June 14, 2019 upon American's mandatory adoption of a contribution schedule under the Rehabilitation Plan. The contribution schedule requires 2.5% annual increases to its contribution rate. This contribution schedule will remain in effect through the earlier of December 31, 2031 or the date the IAM Pension Fund emerges from critical status.

Profit Sharing Program

American accrues 5% of its pre-tax income excluding net special items for its profit sharing program. As a result of American's pre-tax loss excluding net special items, there will not be a payout for 2020 under its profit sharing program.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
9. Accumulated Other Comprehensive Loss

The components of AOCI are as follows (in millions):

	Pension, Retiree Medical and Other Postretirement Benefits	Unrealized Gain on Investments	Income Tax Benefit (Provision) ⁽¹⁾	Total
Balance at December 31, 2018	\$ (4,658)	\$ (5)	\$ (1,329)	\$ (5,992)
Other comprehensive income (loss) before reclassifications	(471)	3	106	(362)
Amounts reclassified from AOCI	(89)	—	20 ⁽²⁾	(69)
Net current-period other comprehensive income (loss)	(560)	3	126	(431)
Balance at December 31, 2019	(5,218)	(2)	(1,203)	(6,423)
Other comprehensive income (loss) before reclassifications	(1,043)	—	236	(807)
Amounts reclassified from AOCI	46	—	(10) ⁽²⁾	36
Net current-period other comprehensive income (loss)	(997)	—	226	(771)
Balance at December 31, 2020	\$ (6,215)	\$ (2)	\$ (977)	\$ (7,194)

(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 American's consolidated statements of operations.

Reclassifications out of AOCI for the years ended December 31, 2020 and 2019 are as follows (in millions):

AOCI Components	Amounts reclassified from AOCI		Affected line items on the consolidated statements of operations
	Year Ended December 31,		
	2020	2019	
Amortization of pension, retiree medical and other postretirement benefits:			
Prior service benefit	\$ (82)	\$ (162)	Nonoperating other income, net
Actuarial loss	118	93	Nonoperating other income, net
Total reclassifications for the period, net of tax	\$ 36	\$ (69)	

Amounts allocated to other comprehensive income for income taxes as further described in Note 5 will remain in AOCI until American ceases all related activities, such as termination of the pension plan.

10. Commitments, Contingencies and Guarantees
(a) Aircraft, Engine and Other Purchase Commitments

Under all of American's aircraft and engine purchase agreements, its total future commitments as of December 31, 2020 are expected to be as follows (approximately, in millions):

	2021	2022	2023	2024	2025	2026 and Thereafter	Total
Payments for aircraft commitments and certain engines ⁽¹⁾	\$ 527	\$ 1,661	\$ 1,592	\$ 2,377	\$ 3,381	\$ 1,742	\$ 11,280

(1) These amounts are net of purchase deposits currently held by the manufacturers. American has granted a security interest in certain of its purchase deposits with Boeing to secure certain obligations to Boeing and third-party financing sources. American's purchase deposits held by all manufacturers totaled \$1.4 billion as of December 31, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

On March 13, 2019, a directive from the Federal Aviation Administration (FAA) grounded all U.S.-registered Boeing 737 MAX Family aircraft and, as a result, all deliveries of Boeing 737 MAX Family aircraft were suspended. Since the time of the FAA recertification of the Boeing 737 MAX Family aircraft on November 18, 2020, deliveries have resumed and American accepted delivery of 10 Boeing 737 MAX Family aircraft during the period between the date of recertification and December 31, 2020. American has rights to defer one Boeing 737 MAX Family aircraft from delivery in 2021 to 2023 and rights to defer 10 Boeing 737 MAX Family aircraft from delivery in 2022 to 2023-2024.

Due to the uncertainty surrounding the timing of delivery of certain aircraft, the amounts in the table represent American's current best estimate; however, the actual delivery schedule may differ from the table above, potentially materially.

The amounts in the table exclude 19 Boeing 787-8 aircraft to be delivered in 2021 for which American has obtained committed lease financing. See Note 4 for information regarding this operating lease commitment.

Additionally, American has purchase commitments related to aircraft fuel, flight equipment maintenance, construction projects and information technology support as follows (approximately): \$2.3 billion in 2021, \$1.3 billion in 2022, \$1.2 billion in 2023, \$242 million in 2024, \$163 million in 2025 and \$1.0 billion in 2026 and thereafter.

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

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

As of December 31, 2020, American's capacity purchase agreements with third-party regional carriers had expiration dates ranging from 2021 to 2027, with rights of American to extend the respective terms of certain agreements.

As of December 31, 2020, American's minimum obligations under its capacity purchase agreements with third-party regional carriers are as follows (approximately, in millions):

	2021	2022	2023	2024	2025	2026 and Thereafter	Total
Minimum obligations under capacity purchase agreements with third-party regional carriers ⁽¹⁾	\$ 1,120	\$ 1,666	\$ 1,685	\$ 1,663	\$ 1,511	\$ 3,646	\$ 11,291

⁽¹⁾ Represents minimum payments under capacity purchase agreements with third-party regional carriers, which are estimates of costs based on assumed minimum levels of flying under the capacity purchase agreements and American's actual payments could differ materially. Excludes payments for the lease of certain aircraft under capacity purchase agreements, which are reflected in the operating lease obligations in Note 4.

(c) Airport Redevelopment

Los Angeles International Airport (LAX)

From time to time, airports where American has operations engage in construction projects, often substantial, that result in new or improved facilities that are ultimately funded through increases in the rent and other occupancy costs payable by airlines using the airport. Unlike this construction and funding model, American is managing a project at LAX where it has legal title to the assets during construction. In 2018, American executed a lease agreement with Los Angeles World Airports (LAWA), which owns and operates LAX, in connection with a \$1.6 billion modernization project related to LAX Terminals 4 and 5. Construction, which started in October 2018 and is expected to be completed in 2028, will occur in a phased approach. The modernization project will include a unified departure hall to the entranceway of Terminals 4 and 5, reconfigured ticket counter and check-in areas with seamless access to security screening areas, 10 new security screening lanes with automated technology in addition to the existing Terminal 5 lanes, and a new Terminal 4 South concourse with more open and upgraded amenities at gate areas. The project will also include renovated break rooms, multi-use meeting rooms and team gathering spaces throughout the terminals to support American's team members at LAX.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

As each phase is completed, the assets will be sold and transferred to LAWA, including the site improvements and non-proprietary improvements. As American controls the assets during construction, they are recognized on its balance sheet until legal title has transferred. As of December 31, 2020, American has incurred approximately \$223 million in costs relating to the LAX modernization project, of which \$114 million were incurred during 2020, and have been included within operating property and equipment on its consolidated balance sheet. As of December 31, 2020, American has sold and transferred \$111 million of non-proprietary improvements to LAWA, all of which occurred during 2020.

(d) Off-Balance Sheet Arrangements**Aircraft and Engines**

American currently operates 350 owned aircraft and 24 leased aircraft, and owns 62 spare aircraft engines, which in each case were financed with EETCs issued by pass-through trusts. These trusts are off-balance sheet entities, the primary purpose of which is to finance the acquisition of flight equipment or to permit issuance of debt backed by existing flight equipment. In the case of aircraft EETCs, rather than finance each aircraft separately when such aircraft is purchased, delivered or refinanced, these trusts allow American to raise the financing for a number of aircraft at one time and, if applicable, place such funds in escrow pending a future purchase, delivery or refinancing of the relevant aircraft. Similarly, in the case of the spare engine EETCs, the trusts allow American to use its existing pool of spare engines to raise financing under a single facility. The trusts have also been structured to provide for certain credit enhancements, such as liquidity facilities to cover certain interest payments, that reduce the risks to the purchasers of the trust certificates and, as a result, reduce the cost of aircraft financing to American.

Each trust covers a set number of aircraft or spare engines scheduled to be delivered, financed or refinanced upon the issuance of the EETC or within a specific period of time thereafter. At the time of each covered aircraft or spare engine financing, the relevant trust used the proceeds of the issuance of the EETC (which may have been available at the time of issuance thereof or held in escrow until financing of the applicable aircraft following its delivery) to purchase equipment notes relating to the financed aircraft or engines. The equipment notes are issued, at American's election, in connection with a mortgage financing of the aircraft or spare engines or, in certain cases, by a separate owner trust in connection with a leveraged lease financing of the aircraft. In the case of a leveraged lease financing, the owner trust then leases the aircraft to American. In both cases, the equipment notes are secured by a security interest in the aircraft or engines, as applicable. The pass-through trust certificates are not direct obligations of, nor are they guaranteed by, AAG or American. However, in the case of mortgage financings, the equipment notes issued to the trusts are direct obligations of American and, in certain instances, have been guaranteed by AAG. As of December 31, 2020, \$11.0 billion associated with these mortgage financings is reflected as debt in the accompanying consolidated balance sheet.

With respect to leveraged leases, American evaluated whether the leases had characteristics of a variable interest entity. American concluded the leasing entities met the criteria for variable interest entities; however, American concluded it is not the primary beneficiary under these leasing arrangements and accounts for the majority of its EETC leveraged lease financings as operating leases. American's total future payments to the trusts of each of the relevant EETCs under these leveraged lease financings are \$78 million as of December 31, 2020, which are reflected in the operating lease obligations in Note 4.

Letters of Credit and Other

American provides financial assurance, such as letters of credit, surety bonds or restricted cash and investments, primarily to support projected workers' compensation obligations and airport commitments. As of December 31, 2020, American had \$476 million of letters of credit and surety bonds securing various obligations, of which \$110 million is collateralized with American's restricted cash. The letters of credit and surety bonds that are subject to expiration will expire on various dates through 2024.

(e) Legal Proceedings

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Pursuant to rulings of the Bankruptcy Court, the Plan established the Disputed Claims Reserve to hold shares of AAG common stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed claims. 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 December 31, 2020, the Disputed Claims Reserve held approximately 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, 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 and the parties submitted proposed findings of fact and conclusions of law and made closing arguments in April 2019. On January 29, 2021, the Bankruptcy Court published its decision finding in American's favor. American expects the plaintiffs to appeal this ruling. American believes this lawsuit is without merit and intends to continue to vigorously defend against the allegations, including in respect of any appeal of the January 29, 2021 ruling.

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.

(f) Guarantees and Indemnifications

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

party, generally if withholding taxes are imposed on such lender or other financing party as a result of a change in the applicable tax law.

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

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

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

American is required to make principal and interest payments for certain special facility revenue bonds issued by municipalities primarily to build or improve airport facilities and purchase equipment, which are leased to American. The payment of principal and interest of certain special facility revenue bonds is guaranteed by American. As of December 31, 2020, the remaining lease payments through 2035 guaranteeing the principal and interest on these bonds are \$572 million and the current carrying amount of the associated operating lease liability in the accompanying consolidated balance sheet is \$321 million.

As of December 31, 2020, American had issued guarantees covering AAG's \$1.8 billion aggregate principal amount of the PSP1 Promissory Note due April 2030, \$1.0 billion aggregate principal amount of 6.50% convertible senior notes due July 2025, \$750 million aggregate principal amount of 5.000% senior notes due June 2022 and \$500 million aggregate principal amount of 3.75% senior notes due March 2025.

(g) Credit Card Processing Agreements

American has agreements with companies that process customer credit card transactions for the sale of air travel and other services. American's agreements allow these credit card processing companies, under certain conditions, to hold an amount of its cash (referred to as a holdback) equal to a portion of advance ticket sales that have been processed by that company, but for which American has not yet provided the air transportation. Additional holdback requirements in the event of material adverse changes in American's financial condition will reduce its liquidity in the form of unrestricted cash by the amount of the holdbacks. These credit card processing companies are not currently entitled to maintain any holdbacks pursuant to these requirements.

(h) Labor Negotiations

As of December 31, 2020, American employed approximately 78,300 active full-time equivalent (FTE) employees. Of the total active FTE employees, 84% are covered by collective bargaining agreements (CBAs) with various labor unions and 47% are covered by CBAs that are currently amendable or that will become amendable within one year. Joint collective bargaining agreements (JCBA) have been reached with post-Merger employee groups, including a new five-year JCBA ratified with the TWU-IAM Association, which represents American's mainline mechanics and related, fleet service, stock clerks, maintenance control technicians and maintenance training instructors. Additionally, the post-Merger JCBA covering American's pilots and flight attendants are now amendable. The JCBA covering American's passenger service employees is also amendable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

11. Supplemental Cash Flow Information

Supplemental disclosure of cash flow information and non-cash investing and financing activities are as follows (in millions):

	Year Ended December 31,		
	2020	2019	2018
Non-cash investing and financing activities:			
Settlement of bankruptcy obligations	\$ 56	\$ 7	\$ —
Supplemental information:			
Interest paid, net	877	1,025	1,009
Income taxes paid	6	8	16

12. Operating Segments and Related Disclosures

American is managed as a single business unit that provides air transportation for passengers and cargo. This allows it to benefit from an integrated revenue pricing and route network that includes American and AAG's wholly-owned and third-party regional carriers that fly under capacity purchase agreements operating as American Eagle. The flight equipment of all these carriers is combined to form one fleet that is deployed through a single route scheduling system. Financial information and annual operational plans and forecasts are prepared and reviewed by the chief operating decision maker at the consolidated level. When making operational decisions, the chief operating decision maker evaluates flight profitability data, which considers aircraft type and route economics, but is indifferent to the results of the individual regional carriers. The objective in making operational decisions is to maximize consolidated financial results, not the individual results of American or American Eagle.

See Note 1(l) for American's passenger revenue by geographic region. American's tangible assets consist primarily of flight equipment, which are mobile across geographic markets and, therefore, have not been allocated.

13. Share-based Compensation

The 2013 AAG Incentive Award Plan (the 2013 Plan) provides that awards may be in the form of an option, restricted stock award, restricted stock unit award, performance award, dividend equivalent award, deferred stock award, deferred stock unit award, stock payment award or stock appreciation right. The 2013 Plan initially authorized the grant of awards for the issuance of up to 40 million shares. Any shares underlying awards granted under the 2013 Plan that are forfeited, terminate or are settled in cash (in whole or in part) without the delivery of shares will again be available for grant.

For the years ended December 31, 2020, 2019 and 2018, American recorded \$91 million, \$95 million and \$88 million, respectively, of share-based compensation costs principally in salaries, wages and benefits expense on its consolidated statements of operations.

During 2020, 2019 and 2018, AAG withheld approximately 0.7 million, 0.8 million and 0.8 million shares of AAG common stock, respectively, and paid approximately \$15 million, \$25 million and \$37 million, respectively, in satisfaction of certain tax withholding obligations associated with employee equity awards.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
Restricted Stock Unit Awards (RSUs)

The majority of American's RSUs have service conditions (time vested primarily over three years). The grant-date fair value of these RSUs is equal to the market price of the underlying shares of AAG common stock on the date of grant. The expense for these RSUs is recognized on a straight-line basis over the vesting period for the entire award. RSUs are classified as equity awards as the vesting results in the issuance of shares of AAG common stock.

RSU award activity for all plans for the years ended December 31, 2020, 2019 and 2018 is as follows:

	Number of Shares (In thousands)	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2017	4,324	\$ 46.94
Granted	2,194	47.65
Vested and released	(1,999)	44.99
Forfeited	(199)	45.72
Outstanding at December 31, 2018	4,320	\$ 44.29
Granted	3,206	34.00
Vested and released	(2,002)	44.90
Forfeited	(337)	42.55
Outstanding at December 31, 2019	5,187	\$ 37.01
Granted	5,883	22.07
Vested and released	(2,268)	39.46
Forfeited	(920)	29.78
Outstanding at December 31, 2020	7,882	\$ 23.66

As of December 31, 2020, there was \$107 million of unrecognized compensation cost related to RSUs. These costs are expected to be recognized over a weighted average period of one year. The total fair value of RSUs vested during the years ended December 31, 2020, 2019 and 2018 was \$51 million, \$68 million and \$91 million, respectively.

14. Valuation and Qualifying Accounts (in millions)

	Balance at Beginning of Year	Additions Charged to Statement of Operations Accounts	Deductions	Balance at End of Year
Allowance for obsolescence of spare parts				
Year ended December 31, 2020	\$ 729	\$ 81	\$ (368)	\$ 442
Year ended December 31, 2019	754	79	(104)	729
Year ended December 31, 2018	717	57	(20)	754
Allowance for credit losses on accounts receivable				
Year ended December 31, 2020	\$ 25	\$ 25	\$ (21)	\$ 29
Year ended December 31, 2019	24	17	(16)	25
Year ended December 31, 2018	21	39	(36)	24

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
15. Quarterly Financial Data (Unaudited)

Unaudited summarized financial data by quarter for 2020 and 2019 (in millions):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020				
Operating revenues	\$ 8,514	\$ 1,622	\$ 3,172	\$ 4,027
Operating expenses	11,050	4,063	5,981	6,465
Operating loss	(2,536)	(2,441)	(2,809)	(2,438)
Net loss	(2,169)	(1,968)	(2,276)	(2,037)
2019				
Operating revenues	\$ 10,581	\$ 11,958	\$ 11,910	\$ 11,312
Operating expenses	10,236	10,831	11,082	10,565
Operating income	345	1,127	828	747
Net income	230	714	508	520

American's fourth quarter 2020 results included \$36 million of total pre-tax net special items driven principally by mark-to-market net unrealized gains and losses associated with certain equity investments and treasury rate lock derivative instruments.

American's fourth quarter 2019 results included \$108 million of total pre-tax net special items that principally included \$85 million of merger integration expenses and \$39 million of fleet restructuring expenses, offset in part by \$42 million of mark-to-market net unrealized gains associated with certain equity investments and treasury rate lock derivative instruments.

16. Transactions with Related Parties

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

	December 31,	
	2020	2019
AAG ⁽¹⁾	\$ 9,940	\$ 14,597
AAG's wholly-owned subsidiaries ⁽²⁾	(2,063)	(2,146)
Total	\$ 7,877	\$ 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 PSP1 Promissory Note, the 6.50% convertible senior notes, the issuance of shares of AAG common stock pursuant to two public stock offerings and an at-the-market 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.

Pursuant to a capacity purchase agreement between American and AAG's wholly-owned regional airlines operating as American Eagle, American purchases all of the capacity from these carriers and recognizes passenger revenue from flights operated by American Eagle. In 2020, 2019 and 2018, American recognized expense of approximately \$1.8 billion, \$2.2 billion and \$1.8 billion, respectively, related to wholly-owned regional airline capacity purchase agreements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.**17. Subsequent Event***PSP2*

On January 15, 2021 (the PSP2 Closing Date), the Subsidiaries entered into a Payroll Support Program Extension Agreement (the PSP2 Agreement) with Treasury, with respect to PSP2 provided pursuant to the PSP Extension Law. In connection with the Subsidiaries' entry into the PSP2 Agreement, on the PSP2 Closing Date, AAG also entered into a warrant agreement (the PSP2 Warrant Agreement) with Treasury and issued the PSP2 Promissory Note to Treasury, with the Subsidiaries as guarantors.

PSP2 Agreement

In connection with PSP2, AAG and the Subsidiaries are required to comply with the relevant provisions of the PSP Extension Law, which are substantially similar as the restrictions contained in the PSP1 Agreement, but are in effect for a longer time period. These provisions include the requirement that funds provided pursuant to the PSP2 Agreement be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits, the requirement against involuntary furloughs and reductions in employee pay rates and benefits through March 31, 2021, the provisions that prohibit the repurchase of AAG common stock, and the payment of common stock dividends through at least March 31, 2022, the provisions that restrict the payment of certain executive compensation until October 1, 2022, as well as a requirement to recall employees involuntarily terminated or furloughed after September 30, 2020. As was the case with PSP1, the PSP2 Agreement also imposes substantial reporting obligations on AAG and its Subsidiaries.

Pursuant to the PSP2 Agreement, Treasury is to provide AAG and its Subsidiaries financial assistance to be paid in installments (each, an Installment) expected to total at least \$3.0 billion in the aggregate, of which \$1.5 billion was received on January 15, 2021. As partial compensation to the U.S. Government for the provision of financial assistance under PSP2, and assuming a total principal sum of approximately \$3.0 billion, AAG expects to issue a PSP2 Promissory Note in the aggregate principal amount of approximately \$896 million and issue warrants (each a PSP2 Warrant and, collectively, the PSP2 Warrants) to Treasury to purchase up to an aggregate of approximately 5.7 million shares of AAG common stock.

PSP2 Promissory Note

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, AAG issued the PSP2 Promissory Note to Treasury, which provides for AAG's unconditional promise to pay to Treasury the initial principal sum of approximately \$433 million, subject to an increase equal to 30% of the amount of each additional Installment disbursed under the PSP2 Agreement after the PSP2 Closing Date, and the guarantee of AAG's obligations by the Subsidiaries. Assuming the total Installments to be paid pursuant to the PSP2 Agreement aggregate approximately \$3.0 billion, the PSP2 Promissory Note will have a total principal sum of approximately \$896 million.

The PSP2 Promissory Note bears interest on the outstanding principal amount at a rate equal to 1.00% per annum until the fifth anniversary of the PSP2 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 PSP2 Closing Date (the PSP2 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 March 31, 2021. The aggregate principal amount outstanding under the PSP2 Promissory Note, together with all accrued and unpaid interest thereon and all other amounts payable under the PSP2 Promissory Note, will be due and payable on the PSP2 Maturity Date.

AAG may, at any time and from time to time, voluntarily prepay amounts outstanding under the PSP2 Promissory Note, in whole or in part, without penalty or premium. Within 30 days of the occurrence of certain change of control triggering events, AAG is required to prepay the aggregate outstanding principal amount of the PSP2 Promissory Note at such time, together with any accrued interest or other amounts owing under the PSP2 Promissory Note at such time.

The PSP2 Promissory Note is AAG's senior unsecured obligation and each guarantee of the PSP2 Promissory Note is the senior unsecured obligation of each of the Subsidiaries, respectively.

The PSP2 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 PSP2 Promissory Note may, and in certain circumstances will automatically, be accelerated and become due and payable immediately.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.*PSP2 Warrant Agreement and PSP2 Warrants*

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, and pursuant to the PSP2 Warrant Agreement, AAG agreed to issue warrants to Treasury to purchase PSP2 Warrant Shares. The exercise price of the PSP2 Warrant Shares is \$15.66 per share (which was the closing price of the AAG common stock on The Nasdaq Global Select Market on December 24, 2020), subject to certain anti-dilution provisions provided for in the PSP2 Warrants.

Pursuant to the PSP2 Warrant Agreement, (a) on the PSP2 Closing Date, AAG issued to Treasury a PSP2 Warrant to purchase up to an aggregate of approximately 2.8 million shares of Common Stock based on the terms described herein and (b) on the date of each increase of the principal amount of the PSP2 Promissory Note in connection with the disbursement of an additional Installment under the PSP2 Agreement, AAG will issue to Treasury an additional PSP2 Warrant for a number of shares of AAG common stock equal to 10% of such increase of the principal amount of the PSP2 Promissory Note, divided by \$15.66, the exercise price of such shares. Assuming the total Installments to be paid pursuant to the PSP2 Agreement aggregate approximately \$3.0 billion, the total number of PSP2 Warrant Shares issuable is approximately 5.7 million, subject to certain anti-dilution provisions, provided for in the PSP2 Warrants.

The PSP2 Warrants do not have any voting rights and are freely transferrable, with registration rights. Each PSP2 Warrant expires on the fifth anniversary of the date of issuance of such PSP2 Warrant. The PSP2 Warrants will be exercisable either through net share settlement or cash, at AAG's option. The PSP2 Warrants were and will be issued solely as compensation to the U.S. Government related to entry into the PSP2 Agreement. No separate proceeds (apart from the financial assistance described above) were received upon issuance of the PSP2 Warrants or will be received upon exercise thereof.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, 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 December 31, 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 December 31, 2020 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

For the three months ended December 31, 2020, there have been no changes in AAG's or American's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, AAG's and American's internal control over financial reporting.

Limitation on the Effectiveness of Controls

We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, and, 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 December 31, 2020.

Management's Annual Report on Internal Control over Financial Reporting

Management of AAG and American is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. AAG's and American's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. AAG's and American's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of AAG or American, respectively;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of AAG or American are being made only in accordance with authorizations of management and directors of AAG or American, respectively; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of AAG's or American's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of AAG's and American's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its Internal Control – Integrated Framework (2013 Framework).

Based on our assessment and those criteria, AAG's and American's management concludes that AAG and American, respectively, maintained effective internal control over financial reporting as of December 31, 2020.

AAG's and American's independent registered public accounting firm has issued an attestation report on the effectiveness of AAG's and American's internal control over financial reporting. That report has been included herein.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
American Airlines Group Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited American Airlines Group Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholders' equity (deficit) for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 17, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Dallas, Texas
February 17, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholder and Board of Directors
American Airlines, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited American Airlines, Inc. and subsidiaries' (American) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, American maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of American as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholder's equity for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 17, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

American's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on American's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to American in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Dallas, Texas
February 17, 2021

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as stated below, the information required by this Item will be set forth in the Proxy Statement under the captions “Proposal 1 – Election of Directors,” “Executive Officers,” “Board Composition” and “Information About the Board of Directors and Corporate Governance” and is incorporated by reference into this Annual Report on Form 10-K.

AAG and American have adopted Standards of Business Conduct (the Ethics Standards) within the meaning of Item 406(b) of Regulation S-K. The Ethics Standards apply to all officers and employees of AAG and its subsidiaries, including American. The Ethics Standards are available on our website at www.aa.com. If we make substantive amendments to the Ethics Standards or grant any waiver, including any implicit waiver, to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, we will disclose the nature of such amendment or waiver on our website or in a Current Report on Form 8-K in accordance with applicable rules and regulations.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be set forth in the Proxy Statement under the captions “Information About the Board of Directors and Corporate Governance - Risk Assessment with Respect to Compensation Practices,” “Director Compensation,” “Compensation Discussion and Analysis,” “Executive Compensation” and “Compensation Committee Report” and is incorporated by reference into this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be set forth in the Proxy Statement under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” and is incorporated by reference into this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be set forth in the Proxy Statement under the captions “Certain Relationships and Related Party Transactions” and “Information About the Board of Directors and Corporate Governance” and is incorporated by reference into this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be set forth in the Proxy Statement under the caption “Proposal 2 – Ratification of Appointment of Independent Registered Public Accounting Firm” and is incorporated by reference into this Annual Report on Form 10-K.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES****Consolidated Financial Statements**

The following consolidated financial statements of American Airlines Group Inc. and Independent Auditors' Report are filed as part of this report:

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Consolidated Statements of Operations for the Years Ended December 31, 2020, 2019 and 2018	91
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2020, 2019 and 2018	92
Consolidated Balance Sheets at December 31, 2020 and 2019	93
Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018	94
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The following consolidated financial statements of American Airlines, Inc. and Independent Auditors' Report are filed as part of this report:

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Report of Independent Registered Public Accounting Firm	147
Consolidated Statements of Operations for the Years Ended December 31, 2020, 2019 and 2018	149
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Consolidated Balance Sheets at December 31, 2020 and 2019	151
Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018	152
Consolidated Statements of Stockholder's Equity for the Years Ended December 31, 2020, 2019 and 2018	153
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Schedules not included have been omitted because they are not applicable or because the required information is included in the Consolidated Financial Statements or notes thereto.

Exhibits

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
2.1	Confirmation Order and Plan (incorporated by reference to Exhibit 2.1 to AMR's Current Report on Form 8-K filed on October 23, 2013 (Commission File No. 1-8400)).
2.2	Agreement and Plan of Merger, dated as of December 28, 2015, between American Airlines, Inc. and US Airways, Inc. (incorporated by reference to Exhibit 2.1 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).
3.1	Restated Certificate of Incorporation of American Airlines Group Inc., including the Certificate of Designations, Powers, Preferences and Rights of the American Airlines Group Inc. Series A Convertible Preferred Stock attached as Annex I thereto (incorporated by reference to Exhibit 3.1 to AAG's Current Report on Form 8-K filed on December 9, 2013 (Commission File No. 1-8400)).
3.2	Certificate of Amendment of Restated Certificate of Incorporation of American Airlines Group Inc. (incorporated by reference to Exhibit 3.1 to AAG's Current Report on Form 8-K filed on June 13, 2018 (Commission File No. 1-8400)).
3.3	Third Amended and Restated Bylaws of American Airlines Group Inc. (incorporated by reference to Exhibit 3.2 to AAG's Current Report on Form 8-K filed on June 13, 2018 (Commission File No. 1-8400)).
3.4	Amended and Restated Certificate of Incorporation of American Airlines, Inc. (incorporated by reference to Exhibit 3.3 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).
3.5	Amended and Restated Bylaws of American Airlines, Inc. (incorporated by reference to Exhibit 3.4 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).
4.1	Description of securities registered under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.1 to AAG's Annual Report on Form 10-K for the year ended December 31, 2019 (Commission File No. 1-8400)).
4.2	Pass Through Trust Agreement, dated as of September 16, 2014, between American Airlines, Inc. and Wilmington Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.3	Trust Supplement No. 2014-1A, dated as of September 16, 2014, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.4	Trust Supplement No. 2014-1B, dated as of September 16, 2014, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.5	Intercreditor Agreement (2014-1), dated as of September 16, 2014, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2014-1A and as Trustee of the American Airlines Pass Through Trust 2014-1B, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.6	Amendment No. 1 to Intercreditor Agreement (2014-1), dated as of June 24, 2015, among American Airlines, Inc., Credit Agricole Corporate and Investment Bank, as Class A and Class B liquidity provider and Wilmington Trust Company, as subordination agent and trustee (incorporated by reference to Exhibit 10.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).
4.7	Note Purchase Agreement, dated as of September 16, 2014, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).

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Exhibit Number	Description
4.8	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (Exhibit B to Note Purchase Agreement) (incorporated by reference to Exhibit 4.10 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).</u>
4.9	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (Exhibit C to Note Purchase Agreement) (incorporated by reference to Exhibit 4.11 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).</u>
4.10	<u>Revolving Credit Agreement (2014-1A), dated as of September 16, 2014, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2014-1A, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).</u>
4.11	<u>Revolving Credit Agreement (2014-1B), dated as of September 16, 2014, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2014-1B, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).</u>
4.12	<u>First Supplemental Indenture, dated as of December 30, 2015, among American Airlines Group Inc., American Airlines, Inc. and Wilmington Trust, National Association, as trustee, to the Indenture dated as of March 5, 2015 (incorporated by reference to Exhibit 4.3 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).</u>
4.13	<u>Trust Supplement No. 2015-1A, dated as of March 16, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.14	<u>Trust Supplement No. 2015-1B, dated as of March 16, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.15	<u>Intercreditor Agreement (2015-1), dated as of March 16, 2015, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2015-1A and as Trustee of the American Airlines Pass Through Trust 2015-1B, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.16	<u>Note Purchase Agreement, dated as of March 16, 2015, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.17	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit 4.10 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.18	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit 4.11 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.19	<u>Form of Pass Through Trust Certificate, Series 2015-1A (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.20	<u>Form of Pass Through Trust Certificate, Series 2015-1B (incorporated by reference to Exhibit A to Exhibit 4.3 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.21	<u>Revolving Credit Agreement (2015-1A), dated as of March 16, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-1A, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>

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Exhibit Number	Description
4.22	<u>Revolving Credit Agreement (2015-1B), dated as of March 16, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-1B, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).</u>
4.23	<u>Trust Supplement No. 2015-2AA, dated as of September 24, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.24	<u>Trust Supplement No. 2015-2A, dated as of September 24, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.25	<u>Trust Supplement No. 2015-2B, dated as of September 24, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.26	<u>Intercreditor Agreement (2015-2), dated as of September 24, 2015, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2015-2AA, as Trustee of the American Airlines Pass Through Trust 2015-2A and as Trustee of the American Airlines Pass Through Trust 2015-2B, Commonwealth Bank of Australia, New York Branch, as Class AA Liquidity Provider, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.5 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.27	<u>Note Purchase Agreement, dated as of September 24, 2015, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.28	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.6 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.29	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.6 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.30	<u>Form of Pass Through Trust Certificate, Series 2015-2AA (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.31	<u>Form of Pass Through Trust Certificate, Series 2015-2A (incorporated by reference to Exhibit A to Exhibit 4.3 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.32	<u>Form of Pass Through Trust Certificate, Series 2015-2B (incorporated by reference to Exhibit A to Exhibit 4.4 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.33	<u>Revolving Credit Agreement (2015-2AA), dated as of September 24, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-2AA, as Borrower, and Commonwealth Bank of Australia, New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.34	<u>Revolving Credit Agreement (2015-2A), dated as of September 24, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-2A, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.13 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>
4.35	<u>Revolving Credit Agreement (2015-2B), dated as of September 24, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-2B, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).</u>

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Exhibit Number	Description
4.36	<u>Note Purchase Agreement, dated as of April 24, 2013, among American Airlines, Inc. (as successor in interest to US Airways, Inc.) Wilmington Trust Company, as Pass Through Trustee, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.12 to US Airways Group's Current Report on Form 8-K filed on April 25, 2013 (Commission File No. 1-8444)).</u>
4.37	<u>Assumption Agreement, dated as of December 30, 2015, by American Airlines, Inc. for the benefit of Wilmington Trust Company, as pass through trustee, subordination agent, and paying agent, and Wilmington Trust, National Association, as escrow agent, in each case, under the Note Purchase Agreement, dated as of April 24, 2013, among American Airlines, Inc. (as successor in interest to US Airways, Inc.), Wilmington Trust Company, Wilmington Trust, National Association and Wilmington Trust Company, (incorporated by reference to Exhibit 10.2 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).</u>
4.38	<u>Form of Participation Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee, Subordination Agent and Pass Through Trustee (incorporated by reference to Exhibit 4.13 to US Airways Group's Current Report on Form 8-K filed on April 25, 2013 (Commission File No. 1-8444)).</u>
4.39	<u>Form of Trust Indenture and Security Agreement among American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, Wilmington Trust, National Association, as Securities Intermediary, and Wilmington Trust Company, as Indenture Trustee (incorporated by reference to Exhibit 4.14 to US Airways Group's Current Report on Form 8-K filed on April 25, 2013 (Commission File No. 1-8444)).</u>
4.40	<u>Form of Amendment No. 1 to Participation Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee, Subordination Agent and Pass Through Trustee (Exhibit A to Note Purchase Agreement) (incorporated by reference to Exhibit 4.8 to US Airways Group's Current Report on Form 8-K filed on June 6, 2013 (Commission File No. 1-8444)).</u>
4.41	<u>Form of Amendment No. 1 to Trust Indenture and Security Agreement among American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, Wilmington Trust, National Association, as Securities Intermediary, and Wilmington Trust Company, as Indenture Trustee (Exhibit B to Note Purchase Agreement) (incorporated by reference to Exhibit 4.9 to US Airways Group's Current Report on Form 8-K filed on June 6, 2013 (Commission File No. 1-8444)).</u>
4.42	<u>Amended and Restated Guarantee, dated as of March 31, 2014, from American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.) relating to obligations of US Airways under the equipment notes relating to its Series 2013-1 Pass Through Certificates (incorporated by reference to Exhibit 10.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).</u>
4.43	<u>Form of Participation Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee, Subordination Agent and Pass Through Trustee (Schedule I to Amendment No. 1 to Note Purchase Agreement (2012-2)) (incorporated by reference to Exhibit 4.10 to US Airways Group's Current Report on Form 8-K filed on June 6, 2013 (Commission File No. 1-8444)).</u>
4.44	<u>Form of Trust Indenture and Security Agreement among American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, Wilmington Trust, National Association, as Securities Intermediary, and Wilmington Trust Company, as Indenture Trustee (Schedule II to Amendment No. 1 to Note Purchase Agreement (2012-2)) (incorporated by reference to Exhibit 4.11 to US Airways Group's Current Report on Form 8-K filed on June 6, 2013 (Commission File No. 1-8444)).</u>
4.45	<u>Form of Participation Agreement (Participation Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee and Subordination Agent) (incorporated by reference to Exhibit 4.14 to US Airways Group's Current Report on Form 8-K filed on December 23, 2010 (Commission File No. 1-8444)).</u>
4.46	<u>Form of Indenture (Trust Indenture and Security Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee) (incorporated by reference to Exhibit 4.15 to US Airways Group's Current Report on Form 8-K filed on December 23, 2010 (Commission File No. 1-8444)).</u>
4.47	<u>Amended and Restated Guarantee, dated as of March 31, 2014, from American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.) relating to obligations of US Airways under the equipment notes relating to its Series 2010-1 Pass Through Certificates (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).</u>
4.48	<u>Form of Participation Agreement (Participation Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee and Subordination Agent) (incorporated by reference to Exhibit 4.18 to US Airways Group's Current Report on Form 8-K filed on July 1, 2011 (Commission File No. 1-08444)).</u>

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Exhibit Number	Description
4.49	<u>Form of Indenture (Trust Indenture and Security Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee) (incorporated by reference to Exhibit 4.19 to US Airways Group's Current Report on Form 8-K filed on July 1, 2011 (Commission File No. 1-08444)).</u>
4.50	<u>Guarantee, dated as of June 28, 2011, from American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.) (incorporated by reference to Exhibit 4.23 to US Airways Group's Current Report on Form 8-K filed on July 1, 2011 (Commission File No. 1-08444)).</u>
4.51	<u>Amended and Restated Guarantee, dated as of March 31, 2014, from American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.) relating to obligations of US Airways under the equipment notes relating to its Series 2011-1 Pass Through Certificates (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).</u>
4.52	<u>Form of Participation Agreement (Participation Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee and Subordination Agent) (incorporated by reference to Exhibit 4.18 to US Airways Group's Current Report on Form 8-K filed on May 16, 2012 (Commission File No. 1-08444)).</u>
4.53	<u>Form of Indenture (Trust Indenture and Security Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee) (incorporated by reference to Exhibit 4.19 to US Airways Group's Current Report on Form 8-K filed on May 16, 2012 (Commission File No. 1-08444)).</u>
4.54	<u>Amended and Restated Guarantee, dated as of March 31, 2014, from American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.) relating to obligations of US Airways under the equipment notes relating to its Series 2012-1 Pass Through Certificates (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).</u>
4.55	<u>Form of Participation Agreement (Participation Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee and Subordination Agent) (incorporated by reference to Exhibit B to Exhibit 4.12 to US Airways Group's Current Report on Form 8-K filed on December 13, 2012 (Commission File No. 1-08444)).</u>
4.56	<u>Form of Indenture (Trust Indenture and Security Agreement between American Airlines, Inc. (as successor in interest to US Airways, Inc.), as Owner, and Wilmington Trust Company, as Indenture Trustee) (incorporated by reference to Exhibit C to Exhibit 4.12 to US Airways Group's Current Report on Form 8-K filed on December 13, 2012 (Commission File No. 1-08444)).</u>
4.57	<u>Amended and Restated Guarantee, dated as of March 31, 2014, from American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.) relating to obligations of US Airways under the equipment notes relating to its Series 2012-2 Pass Through Certificates (incorporated by reference to Exhibit 10.4 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).</u>
4.58	<u>Form of Assumption Agreement, dated as of December 30, 2015, by American Airlines, Inc. for the benefit of Wilmington Trust Company, as Indenture Trustee, to (i) each Participation Agreement between, among others, American Airlines, Inc. (as successor in interest to US Airways, Inc.) and Wilmington Trust Company, as Indenture Trustee, entered into pursuant to the 2010-1, 2011-1, 2012-1, 2012-2 and 2013-1 EETC note purchase agreements and (ii) each Trust Indenture and Security Agreement, between, among others, American Airlines, Inc. (as successor in interest to US Airways, Inc.), and Wilmington Trust Company, as Indenture Trustee entered into pursuant to the 2010-1, 2011-1, 2012-1, 2012-2 and 2013-1 EETC note purchase agreements (incorporated by reference to Exhibit 10.3 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).</u>
4.59	<u>Trust Supplement No. 2016-1AA, dated as of January 19, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.60	<u>Trust Supplement No. 2016-1A, dated as of January 19, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.61	<u>Trust Supplement No. 2016-1B, dated as of January 19, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>

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Exhibit Number	Description
4.62	<u>Intercreditor Agreement (2016-1), dated as of January 19, 2016, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-1AA, as Trustee of the American Airlines Pass Through Trust 2016-1A and as Trustee of the American Airlines Pass Through Trust 2016-1B, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to exhibit 4.5 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.63	<u>Note Purchase Agreement, dated as of January 19, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.64	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.6 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.65	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.6 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.66	<u>Form of Pass Through Trust Certificate, Series 2016-1AA (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.67	<u>Form of Pass Through Trust Certificate, Series 2016-1A (incorporated by reference to Exhibit A to Exhibit 4.3 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.68	<u>Form of Pass Through Trust Certificate, Series 2016-1B (incorporated by reference to Exhibit A to Exhibit 4.4 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.69	<u>Revolving Credit Agreement (2016-1AA), dated as of January 19, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-1AA, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.70	<u>Revolving Credit Agreement (2016-1A), dated as of January 19, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-1A, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.13 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.71	<u>Revolving Credit Agreement (2016-1B), dated as of January 19, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-1B, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).</u>
4.72	<u>Trust Supplement No. 2016-2AA, dated as of May 16, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.73	<u>Trust Supplement No. 2016-2A, dated as of May 16, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.74	<u>Intercreditor Agreement (2016-2), dated as of May 16, 2016, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-2AA and as Trustee of the American Airlines Pass Through Trust 2016-2A, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider and Class A Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.75	<u>Note Purchase Agreement, dated as of May 16, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.76	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.9 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>

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<u>Exhibit Number</u>	<u>Description</u>
4.77	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.9 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.78	<u>Form of Pass Through Trust Certificate, Series 2016-2AA (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.79	<u>Form of Pass Through Trust Certificate, Series 2016-2A (incorporated by reference to Exhibit A to Exhibit 4.3 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.80	<u>Revolving Credit Agreement (2016-2AA), dated as of May 16, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-2AA, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.81	<u>Revolving Credit Agreement (2016-2A), dated as of May 16, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-2A, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).</u>
4.82	<u>Trust Supplement No. 2016-2B, dated as of July 8, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.83	<u>Amended and Restated Intercreditor Agreement (2016-2), dated as of July 8, 2016, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-2AA, as Trustee of the American Airlines Pass Through Trust 2016-2A and as Trustee of the American Airlines Pass Through Trust 2016-2B, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.84	<u>Amended and Restated Note Purchase Agreement, dated as of July 8, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.85	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.6 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.86	<u>Form of First Amendment to Participation Agreement (First Amendment to Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit D to Exhibit 4.6 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.87	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.6 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.88	<u>Form of First Amendment to Indenture and Security Agreement (First Amendment to Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit E to Exhibit 4.6 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.89	<u>Form of Pass Through Trust Certificate, Series 2016-2B (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.90	<u>Revolving Credit Agreement (2016-2B), dated as of July 8, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-2B, as Borrower, and KfW IPEX Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).</u>
4.91	<u>Trust Supplement No. 2016-3AA, dated as of October 3, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>

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Exhibit Number	Description
4.92	<u>Trust Supplement No. 2016-3A, dated as of October 3, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.93	<u>Intercreditor Agreement (2016-3), dated as of October 3, 2016, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-3AA and as Trustee of the American Airlines Pass Through Trust 2016-3A, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider and Class A Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.94	<u>Amended and Restated Intercreditor Agreement (2016-3), dated as of October 4, 2017, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-3AA, as Trustee of the American Airlines Pass Through Trust 2016-3A and as Trustee of the American Airlines Pass Through Trust 2016-3B, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on October 5, 2017 (Commission File No. 1-2691)).</u>
4.95	<u>Note Purchase Agreement, dated as of October 3, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.96	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.9 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.97	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.9 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.98	<u>Form of Pass Through Trust Certificate, Series 2016-3AA (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.99	<u>Form of Pass Through Trust Certificate, Series 2016-3A (incorporated by reference to Exhibit A to Exhibit 4.3 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.100	<u>Revolving Credit Agreement (2016-3AA), dated as of October 3, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-3AA, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.101	<u>Revolving Credit Agreement (2016-3A), dated as of October 3, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-3A, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).</u>
4.102	<u>Trust Supplement No. 2017-1AA, dated as of January 13, 2017, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.103	<u>Trust Supplement No. 2017-1A, dated as of January 13, 2017, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014, (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.104	<u>Trust Supplement No. 2017-1B, dated as of January 13, 2017, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.105	<u>Intercreditor Agreement (2017-1), dated as of January 13, 2017, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2017-1AA, as Trustee of the American Airlines Pass Through Trust 2017-1A and as Trustee of the American Airlines Pass Through Trust 2017-1B, Citibank N.A., as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.5 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>

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Exhibit Number	Description
4.106	<u>Note Purchase Agreement, dated as of January 13, 2017, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.107	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.12 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.108	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.12 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.109	<u>Form of Pass Through Trust Certificate, Series 2017-1AA (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.110	<u>Form of Pass Through Trust Certificate, Series 2017-1A (incorporated by reference to Exhibit A to Exhibit 4.3 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.111	<u>Form of Pass Through Trust Certificate, Series 2017-1B (incorporated by reference to Exhibit A to Exhibit 4.4 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.112	<u>Revolving Credit Agreement (2017-1AA), dated as of January 13, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-1AA, as Borrower, and Citibank N.A., as Liquidity Provider (incorporated by reference to Exhibit 4.18 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.113	<u>Revolving Credit Agreement (2017-1A), dated as of January 13, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-1A, as Borrower, and Citibank N.A., as Liquidity Provider (incorporated by reference to Exhibit 4.19 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.114	<u>Revolving Credit Agreement (2017-1B), dated as of January 13, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-1B, as Borrower, and Citibank N.A., as Liquidity Provider (incorporated by reference to Exhibit 4.20 to American's Current Report on Form 8-K filed on January 17, 2017 (Commission File No. 1-02691)).</u>
4.115	<u>Acknowledgment and Agreement (2017-1), dated as of March 31, 2017, by and among American Airlines Inc., Citibank, N.A., as initial Liquidity Provider, National Australia Bank Limited, as Replacement Liquidity Provider, and Wilmington Trust Company, as Subordination Agent and trustee (incorporated by reference to Exhibit 4.20 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-8400)).</u>
4.116	<u>Revolving Credit Agreement (2017-1AA), dated as of March 31, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-1AA, as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.21 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-8400)).</u>
4.117	<u>Revolving Credit Agreement (2017-1A), dated as of March 31, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-1A, as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.22 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-8400)).</u>
4.118	<u>Revolving Credit Agreement (2017-1B), dated as of March 31, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-1B, as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.23 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-8400)).</u>
4.119	<u>Form of American Airlines Group Inc. Indenture for Debt Securities (incorporated by reference to Exhibit 4.1 to AAG's Registration Statement on Form S-3ASR filed on February 22, 2017 (Commission File No. 333-216167)).</u>
4.120	<u>Form of American Airlines, Inc. Indenture for Debt Securities (incorporated by reference to Exhibit 4.2 to AAG's Registration Statement on Form S-3ASR filed on February 22, 2017 (Commission File No. 333-216167)).</u>
4.121	<u>Trust Supplement No. 2017-2AA, dated as of August 14, 2017, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>

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<u>Exhibit Number</u>	<u>Description</u>
4.122	<u>Trust Supplement No. 2017-2A, dated as of August 14, 2017, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.123	<u>Intercreditor Agreement (2017-2), dated as of August 14, 2017, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2017-2AA and as Trustee of the American Airlines Pass Through Trust 2017-2A, National Australia Bank Limited, as Class AA Liquidity Provider and Class A Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.124	<u>Note Purchase Agreement, dated as of August 14, 2017, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.125	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.9 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.126	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.9 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.127	<u>Form of Pass Through Trust Certificate, Series 2017-2AA (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.128	<u>Form of Pass Through Trust Certificate, Series 2017-2A (incorporated by reference to Exhibit A to Exhibit 4.3 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.129	<u>Revolving Credit Agreement (2017-2AA), dated as of August 14, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-2AA, as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.130	<u>Revolving Credit Agreement (2017-2A), dated as of August 14, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-2A, as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on August 14, 2017 (Commission File No. 1-2691)).</u>
4.131	<u>Trust Supplement No. 2016-3B, dated as of October 4, 2017, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on October 5, 2017 (Commission File No. 1-2691)).</u>
4.132	<u>Amended and Restated Note Purchase Agreement, dated as of October 4, 2017, amending the Note Purchase Agreement, dated as of October 3, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on October 5, 2017 (Commission File No. 1-2691)).</u>
4.133	<u>Form of First Amendment to Participation Agreement (First Amendment to Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit A to Exhibit 4.4 to American's Current Report on Form 8-K filed on October 5, 2017 (Commission File No. 1-2691)).</u>
4.134	<u>Form of First Amendment to Indenture and Security Agreement (First Amendment to Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit E to Exhibit 4.6 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.135	<u>Form of First Amendment to Indenture and Security Agreement (First Amendment to Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit B to Exhibit 4.4 to American's Current Report on Form 8-K filed on October 5, 2017 (Commission File No. 1-2691)).</u>
4.136	<u>Form of Pass Through Trust Certificate, Series 2016-3B (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on October 5, 2017 (Commission File No. 1-2691)).</u>

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<u>Exhibit Number</u>	<u>Description</u>
4.137	<u>Revolving Credit Agreement (2016-3B), dated as of October 4, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-3B, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider 3B (incorporated by reference to Exhibit 4.8 to American's Current Report on Form 8-K filed on October 5, 2017 (Commission File No. 1-2691)).</u>
4.138	<u>Trust Supplement No. 2017-2B, dated as of October 5, 2017, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.139	<u>Amended and Restated Intercreditor Agreement (2017-2), dated as of October 5, 2017, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2017-2AA, as Trustee of the American Airlines Pass Through Trust 2017-2A and as Trustee of the American Airlines Pass Through Trust 2017-2B, National Australia Bank Limited, as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.140	<u>Amended and Restated Note Purchase Agreement, dated as of October 5, 2017, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.141	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.6 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.142	<u>Form of First Amendment to Participation Agreement (First Amendment to Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit D to Exhibit 4.6 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.143	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.6 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.144	<u>Form of Pass Through Trust Certificate, Series 2017-2B (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.145	<u>Revolving Credit Agreement (2017-2B), dated as of October 5, 2017, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2017-2B, as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on October 6, 2017 (Commission File No. 1-2691)).</u>
4.146	<u>Trust Supplement No. 2012-2C(R), dated as of May 15, 2018, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on May 16, 2018 (Commission File No. 1-2691)).</u>
4.147	<u>Form of Amendment No. 2 to Intercreditor Agreement (2012-2C(R)) among Wilmington Trust Company, not in its individual capacity but solely as Trustee of the American Airlines, Inc. Pass Through Trust 2012-2C(R), American Airlines, Inc. and Wilmington Trust Company, not in its individual capacity but solely as Subordination Agent and Trustee (incorporated by reference to Exhibit C to Exhibit 4.6 to American's Current Report on Form 8-K filed on May 16, 2018 (Commission File No. 1-2691)).</u>
4.148	<u>Note Purchase Agreement, dated as of May 15, 2018, among American Airlines, Inc., Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee under the Class C(R) Pass Through Trust Agreement, as Subordination Agent and as Indenture Trustee, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on May 16, 2018 (Commission File No. 1-2691)).</u>
4.149	<u>Form of Amendment to Participation Agreement (Amendment to Participation Agreement among American Airlines, Inc., Wilmington Trust Company, not in its individual capacity, but solely as Subordination Agent and as Indenture Trustee, and Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee under each of the Pass Through Trust Agreements) (incorporated by reference to Exhibit A to Exhibit 4.6 to American's Current Report on Form 8-K filed on May 16, 2018 (Commission File No. 1-2691)).</u>

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<u>Exhibit Number</u>	<u>Description</u>
4.150	<u>Form of Amendment to Trust Indenture and Security Agreement (Amendment to Trust Indenture and Security Agreement between American Airlines, Inc., Wilmington Trust Company, not in its individual capacity, but solely as Indenture Trustee, and Wilmington Trust, National Association, as Securities Intermediary), (incorporated by reference to Exhibit B to Exhibit 4.6 to American's Current Report on Form 8-K filed on May 16, 2018 (Commission File No. 1-2691)).</u>
4.151	<u>Form of Pass Through Trust Certificate, Series 2012-2C(R), (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on May 16, 2018 (Commission File No. 1-2691)).</u>
4.152	<u>Trust Supplement No. 2019-1AA (Aircraft EETC), dated as of August 15, 2019, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.153	<u>Trust Supplement No. 2019-1A (Aircraft EETC), dated as of August 15, 2019, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.154	<u>Trust Supplement No. 2019-1B (Aircraft EETC), dated as of August 15, 2019, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.155	<u>Intercreditor Agreement (2019-1), dated as of August 15, 2019, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2019-1AA (Aircraft EETC), as Trustee of the American Airlines Pass Through Trust 2019-1A (Aircraft EETC) and as Trustee of the American Airlines Pass Through Trust 2019-1B (Aircraft EETC), National Australia Bank Limited, as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.5 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.156	<u>Note Purchase Agreement, dated as of August 15, 2019, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.157	<u>Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit B to Exhibit 4.12 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.158	<u>Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit C to Exhibit 4.12 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.159	<u>Form of Pass Through Trust Certificate, Series 2019-1AA (Aircraft EETC) (incorporated by reference to Exhibit A to Exhibit 4.2 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.160	<u>Form of Pass Through Trust Certificate, Series 2019-1A (Aircraft EETC) (incorporated by reference to Exhibit A to Exhibit 4.3 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.161	<u>Form of Pass Through Trust Certificate, Series 2019-1B (Aircraft EETC) (incorporated by reference to Exhibit A to Exhibit 4.4 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.162	<u>Revolving Credit Agreement (2019-1AA), dated as of August 15, 2019, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2019-1AA (Aircraft EETC), as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.18 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.163	<u>Revolving Credit Agreement (2019-1A), dated as of August 15, 2019, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2019-1A (Aircraft EETC), as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.19 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>

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Exhibit Number	Description
4.164	<u>Revolving Credit Agreement (2019-1B), dated as of August 15, 2019, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2019-1B (Aircraft EETC), as Borrower, and National Australia Bank Limited, as Liquidity Provider (incorporated by reference to Exhibit 4.20 to American's Current Report on Form 8-K filed on August 15, 2019 (Commission File No. 1-02691)).</u>
4.165	<u>Indenture, dated as of May 20, 2019, by and among American Airlines Group Inc., the Guarantor (as defined therein) and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on May 21, 2019 (Commission File No. 1-8400)).</u>
4.166	<u>Form of 5.000% Senior Notes due 2022 (incorporated by reference to Exhibit A to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on May 21, 2019 (Commission File No. 1-8400)).</u>
4.167	<u>Indenture, dated as of February 25, 2020, by and among American Airlines Group Inc., the Guarantor (as defined therein) and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on February 26, 2020 (Commission File No. 1-8400)).</u>
4.168	<u>Form of 3.75% Senior Notes due 2025 (incorporated by reference to Exhibit A to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on February 26, 2020 (Commission File No. 1-8400)).</u>
4.169	<u>Indenture, dated as of June 25, 2020, by and between American Airlines Group Inc. and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on June 25, 2020 (Commission File No. 1-8400)).</u>
4.170	<u>First Supplemental Indenture, dated as of June 25, 2020, by and among American Airlines Group Inc., American Airlines, Inc. and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.2 to AAG's Current Report on Form 8-K filed on June 25, 2020 (Commission File No. 1-8400)).</u>
4.171	<u>Form of 6.50% Convertible Senior Notes due 2025 (incorporated by reference to Exhibit A to Exhibit 4.2 to AAG's Current Report on Form 8-K filed on June 25, 2020 (Commission File No. 1-8400)).</u>
4.172	<u>Indenture, dated as of June 30, 2020, by and among American Airlines, Inc., American Airlines Group, Inc. and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on July 2, 2020 (Commission File No. 1-8400)).</u>
4.173	<u>Form of 11.75% Senior Notes due 2025 (incorporated by reference to Exhibit A to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on July 2, 2020 (Commission File Number 1-8400)).</u>
4.174	<u>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 (incorporated by reference to Exhibit 4.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).</u>
4.175	<u>Form of 10.75%/12.00% PIK Senior Secured IP Notes due 2026 (incorporated by reference to Exhibit A to Exhibit 4.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).</u>
4.176	<u>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 (incorporated by reference to Exhibit 4.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).</u>
4.177	<u>Form of 10.75%/12.00% PIK Senior Secured Notes due 2026 (incorporated by reference to Exhibit A to Exhibit 4.4 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).</u>
4.178	<u>Warrant Agreement, dated as of April 20, 2020, between American Airlines Group, Inc. and the United States Department of the Treasury (incorporated by reference to Exhibit 4.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission File No. 1-8400)).</u>
4.179	<u>Form of PSP1 Warrant (incorporated by reference to Annex B to Exhibit 4.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission File No. 1-8400)).</u>
4.180	<u>Warrant Agreement, dated as of September 25, 2020, between American Airlines Group, Inc. and the United States Department of the Treasury (incorporated by reference to Exhibit 4.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).</u>
4.181	<u>Form of Treasury Loan Warrant (incorporated by reference to Annex B to Exhibit 4.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).</u>
4.182	<u>Warrant Agreement, dated as of January 15, 2021, between American Airlines Group, Inc. and the United States Department of the Treasury.</u>
4.183	<u>Form of PSP2 Warrant (incorporated by reference to Annex B to Exhibit 4.182).</u>
10.1	<u>Payroll Support Program Agreement, dated as of April 20, 2020, between American Airlines, Inc. and the United States Department of the Treasury (incorporated by reference to Exhibit 10.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission File No. 1-8400)).</u>

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Exhibit Number	Description
10.2	Promissory Note, dated as of April 20, 2020, issued by American Airlines Group Inc. in the name of the United States Department of the Treasury and guaranteed by American Airlines, Inc., Envoy Air Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc. (incorporated by reference to Exhibit 10.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission File No. 1-8400)).
10.3	Payroll Support Program Extension Agreement, dated as of January 15, 2021, between American Airlines, Inc. and the United States Department of the Treasury.
10.4	Promissory Note, dated as of January 15, 2021, issued by American Airlines Group Inc. in the name of the United States Department of the Treasury and guaranteed by American Airlines, Inc., Envoy Air Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc.
10.5	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 (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).**
10.6	Restatement Agreement, dated as of October 21, 2020, to 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.**
10.7	Letter Agreement, dated as of January 15, 2021, to 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.
10.8	Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016, amending the Loan Agreement, dated as of May 23, 2013, among American Airlines, Inc. (as successor in interest to US Airways, Inc., as borrower), as the borrower, American Airlines Group Inc., as parent and guarantor (as successor in interest to US Airways Group, Inc., as parent and guarantor), the lenders from time to time party thereto, Citibank N.A., as administrative agent and collateral agent (as successor in interest to Citicorp North America Inc., as administrative agent and collateral agent), and certain other parties thereto, (incorporated by reference to Exhibit 10.1 to AAG's Annual Report on Form 10-K for the year ended December 31, 2016 (Commission File No. 1-8400)).
10.9	First Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of November 14, 2017, amending the Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016, amending the Loan Agreement, dated as of May 23, 2013, among American Airlines, Inc. (as successor in interest to US Airways, Inc., as borrower), as the borrower, American Airlines Group Inc., as parent and guarantor (as successor in interest to US Airways Group, Inc., as parent and guarantor), the lenders from time to time party thereto, Citibank N.A., as administrative agent and collateral agent (as successor in interest to Citicorp North America Inc., as administrative agent and collateral agent), and certain other parties thereto (incorporated by reference to Exhibit 10.2 to AAG's Annual Report on Form 10-K for the year ended December 31, 2017 (Commission File No. 1-8400)).
10.10	First Amendment and Restatement Agreement, dated as of April 20, 2015, in relation to the Credit and Guaranty Agreement, dated as of October 10, 2014 (as amended), among American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.), American Airlines, Inc. (as successor in interest to US Airways, Inc.), the Revolving Lenders (as defined therein) party thereto, the 2015 Term Loan Lenders (as defined therein) party thereto and Citibank N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.4 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).
10.11	First Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of October 26, 2015, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc. (as successor in interest to US Airways, Inc.), American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.), the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.6 to AAG's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-8400)).
10.12	Second Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of September 22, 2016, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).

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Exhibit Number	Description
10.13	<u>Third Amendment to the Amended and Restated Credit and Guaranty Agreement, dated as of June 14, 2017, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (Commission File No. 1-8400)).</u>
10.14	<u>Fourth Amendment to the Amended and Restated Credit and Guaranty Agreement, dated as of August 21, 2017, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (Commission File No. 1-8400)).*</u>
10.15	<u>Fifth Amendment to the Amended and Restated Credit and Guaranty Agreement, dated as of September 17, 2018, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (Commission File No. 1-8400)).</u>
10.16	<u>Sixth Amendment to the Amended and Restated Credit and Guaranty Agreement, dated as of December 10, 2018, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.9 to AAG's Annual Report on Form 10-K for the year ended December 31, 2018 (Commission File No. 1-8400)).*</u>
10.17	<u>Seventh Amendment to the Amended and Restated Credit and Guaranty Agreement, dated as of November 8, 2019, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.10 to AAG's Annual Report on Form 10-K for the year ended December 31, 2019 (Commission File No. 1-8400)).**</u>
10.18	<u>First Amendment and Restatement Agreement, dated as of May 21, 2015, in relation to the Credit and Guaranty Agreement, dated as of June 27, 2013 (as amended), among American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.), American Airlines, Inc. (as successor in interest to US Airways, Inc.), the Revolving Lenders (as defined therein) party thereto, the 2015 Term Loan Lenders (as defined therein) party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).</u>
10.19	<u>First Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of October 26, 2015, amending the Amended and Restated Credit and Guaranty Agreement, dated as of May 21, 2015, among American Airlines, Inc. (as successor in interest to US Airways, Inc.), American Airlines Group Inc. (as successor in interest to US Airways Group, Inc.), the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.8 to AAG's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-8400)).</u>
10.20	<u>Second Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of March 14, 2017, amending the Amended and Restated Credit and Guaranty Agreement, dated as of May 21, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-8400)).</u>
10.21	<u>Third Amendment to the Amended and Restated Credit And Guaranty Agreement, dated as of August 21, 2017, amending the Amended and Restated Credit and Guaranty Agreement, dated as of May 21, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.11 to AAG's Annual Report on Form 10-K for the year ended December 31, 2017 (Commission File No. 1-8400)).*</u>
10.22	<u>Fourth Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of May 15, 2018, amending the Amended and Restated Credit and Guaranty Agreement, dated as of May 21, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and Barclays Bank PLC, as designated replacement term lender (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (Commission File No. 1-8400)).</u>

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Exhibit Number	Description
10.23	<u>Fifth Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of December 10, 2018, amending the Amended and Restated Credit and Guaranty Agreement, dated as of May 21, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and Barclays Bank PLC, as designated replacement term lender (incorporated by reference to Exhibit 10.15 to AAG's Annual Report on Form 10-K for the year ended December 31, 2018 (Commission File No. 1-8400)).*</u>
10.24	<u>Sixth Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of November 8, 2019, amending the Amended and Restated Credit and Guaranty Agreement, dated as of May 21, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and Barclays Bank PLC, as designated replacement term lender (incorporated by reference to Exhibit 10.17 to AGG's Annual Report on Form 10-K for the year ended December 31, 2019 (Commission File No. 1-8400)).**</u>
10.25	<u>Credit and Guaranty Agreement, dated as of April 29, 2016, among American Airlines, Inc. as borrower, American Airlines Group Inc., as parent and guarantor, certain other subsidiaries of American Airlines Group Inc., as guarantors, the lenders party thereto, Barclays Bank PLC, as administrative agent and collateral agent, and certain other parties thereto (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q filed on July 22, 2016 (Commission File No. 1-8400)).</u>
10.26	<u>First Amendment to Credit and Guaranty Agreement, dated as of October 31, 2016, amending the Credit and Guaranty Agreement, dated as of April 29, 2016, among American Airlines, Inc. as borrower, American Airlines Group Inc., as parent and guarantor, the lenders party thereto, Barclays Bank PLC, as administrative agent (incorporated by reference to Exhibit 10.81 to AAG's Annual Report on Form 10-K for the year ended December 31, 2016 (Commission File No. 1-8400)).</u>
10.27	<u>Second Amendment to the Credit and Guaranty Agreement, dated as of August 21, 2017, amending the Credit and Guaranty Agreement, dated as of April 29, 2016, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Barclays Bank PLC, as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.15 to AAG's Annual Report on Form 10-K for the year ended December 31, 2017 (Commission File No. 1-8400)).*</u>
10.28	<u>Third Amendment to Credit and Guaranty Agreement, dated as of November 1, 2017, amending the Credit and Guaranty Agreement, dated as of April 29, 2016, among American Airlines, Inc. as borrower, American Airlines Group Inc., as parent and guarantor, the lenders party thereto, Barclays Bank PLC, as administrative agent (incorporated by reference to Exhibit 10.16 to AAG's Annual Report on Form 10-K for the year ended December 31, 2017 (Commission File No. 1-8400)).</u>
10.29	<u>Fourth Amendment to Credit and Guaranty Agreement, dated as of December 10, 2018, amending the Credit and Guaranty Agreement, dated as of April 29, 2016, among American Airlines, Inc. as borrower, American Airlines Group Inc., as parent and guarantor, the lenders party thereto, Barclays Bank PLC, as administrative agent (incorporated by reference to Exhibit 10.20 to AAG's Annual Report on Form 10-K for the year ended December 31, 2018 (Commission File No. 1-8400)).*</u>
10.30	<u>Fifth Amendment to Credit and Guaranty Agreement, dated as of November 8, 2019, amending the Credit and Guaranty Agreement, dated as of April 29, 2016, among American Airlines, Inc. as borrower, American Airlines Group Inc., as parent and guarantor, the lenders party thereto, Barclays Bank PLC, as administrative agent.*</u>
10.31	<u>Purchase Agreement No. 3219, dated as of October 15, 2008, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.29 to American's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).*</u>
10.32	<u>Supplemental Agreement No. 2, dated as of July 21, 2010, to Purchase Agreement No. 3219 between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.2 to AMR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (Commission File No. 1-8400)).*</u>
10.33	<u>Supplemental Agreement No. 3, dated as of February 1, 2013, to Purchase Agreement No. 3219 between American Airlines, Inc., and The Boeing Company (incorporated by reference to Exhibit 10.2 to AMR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (Commission File No. 1-8400)).*</u>
10.34	<u>Supplemental Agreement No. 4, dated as of June 9, 2014, to Purchase Agreement No. 3219 between The Boeing Company and American Airlines, Inc. dated as of October 15, 2008, relating to Boeing Model 787 Aircraft, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (Commission File No. 1-8400)).*</u>
10.35	<u>Supplemental Agreement No. 5, dated as of January 20, 2015, to Purchase Agreement No. 3219 between The Boeing Company and American Airlines, Inc., dated as of October 15, 2008, relating to Boeing Model 787 Aircraft, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (Commission File No. 1-8400)).*</u>

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Exhibit Number	Description
10.36	<u>Supplemental Agreement No. 6, dated as of April 21, 2015, to Purchase Agreement No. 3219 between American Airlines, Inc. and The Boeing Company, dated as of October 15, 2008, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).*</u>
10.37	<u>Supplemental Agreement No. 7, dated as of September 12, 2016, to Purchase Agreement No. 3219 dated as of October 15, 2008, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).*</u>
10.38	<u>Supplemental Agreement No. 8, dated as of January 26, 2017, to Purchase Agreement No. 3219 dated as of October 15, 2008, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-8400)).*</u>
10.39	<u>Supplemental Agreement No. 9, dated as of April 24, 2017, to Purchase Agreement No. 3219 dated as of October 15, 2008, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (Commission File No. 1-8400)).*</u>
10.40	<u>Supplemental Agreement No. 10, dated as of May 11, 2017, to Purchase Agreement No. 3219 dated as of October 15, 2008, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (Commission File No. 1-8400)).*</u>
10.41	<u>Supplemental Agreement No. 11, dated as of April 6, 2018, to Purchase Agreement No. 3219 dated as of October 15, 2008, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (Commission File No. 1-8400)).*</u>
10.42	<u>Supplemental Agreement No. 12, dated as of May 29, 2019, to Purchase Agreement No. 3219 dated as of October 15, 2008, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (Commission File No. 1-8400)).**</u>
10.43	<u>Supplemental Agreement No. 13, dated as of August 20, 2019, to Purchase Agreement No. 3219 dated as of October 15, 2008, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (Commission File No. 1-8400)).**</u>
10.44	<u>Supplemental Agreement No. 14, dated as of February 24, 2020, to Purchase Agreement No. 3219 dated as of October 15, 2008, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission File No. 1-8400)).**</u>
10.45	<u>Supplemental Agreement No. 15, dated as of March 16, 2020, to Purchase Agreement No. 3219 dated as of October 15, 2008, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission File No. 1-8400)).**</u>
10.46	<u>A320 Family Aircraft Purchase Agreement, dated as of July 20, 2011, between American Airlines, Inc. and Airbus S.A.S.**</u>
10.47	<u>Amendment No. 1, dated as of January 11, 2013, to A320 Family Aircraft Purchase Agreement between American Airlines, Inc. and Airbus S.A.S., dated as of July 20, 2011.**</u>
10.48	<u>Amendment No. 2, dated as of May 30, 2013, to A320 Family Aircraft Purchase Agreement between American Airlines, Inc. and Airbus S.A.S., dated as of July 20, 2011.**</u>
10.49	<u>Amendment No. 3, dated as of November 20, 2013, to A320 Family Aircraft Purchase Agreement between American Airlines, Inc. and Airbus S.A.S., dated as of July 20, 2011.**</u>
10.50	<u>Amendment No. 4, dated as of June 18, 2014, to the A320 Family Aircraft Purchase Agreement between Airbus S.A.S., as seller, and American Airlines, Inc., as buyer, dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise modified.**</u>
10.51	<u>Amendment No. 5, dated as of June 24, 2014, to the A320 Family Aircraft Purchase Agreement between Airbus S.A.S., as seller, and American Airlines, Inc., as buyer, dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise modified.**</u>
10.52	<u>Amendment No. 6, dated as of July 1, 2014, to the A320 Family Aircraft Purchase Agreement between Airbus S.A.S., as seller, and American Airlines, Inc., as buyer, dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise modified.**</u>

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<u>Exhibit Number</u>	<u>Description</u>
10.53	<u>Amendment No. 7, dated as of November 25, 2014, to the A320 Family Aircraft Purchase Agreement between Airbus S.A.S., as seller, and American Airlines, Inc., as buyer, dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise.**</u>
10.54	<u>Amendment No. 8, dated as of June 11, 2015, to the A320 Family Aircraft Purchase Agreement between American Airlines, Inc. and Airbus S.A.S., dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise modified.**</u>
10.55	<u>Amendment No. 9, dated as of September 23, 2015, to the A320 Family Aircraft Purchase Agreement, dated as of July 20, 2011, between American Airlines, Inc. and Airbus S.A.S.**</u>
10.56	<u>Amendment No. 10, dated as of July 16, 2018, to the A320 Family Aircraft Purchase Agreement, dated as of July 20, 2011, between American Airlines, Inc. and Airbus S.A.S.**</u>
10.57	<u>Amendment No. 11, dated as of June 19, 2019, to the A320 Family Aircraft Purchase Agreement, dated as of July 20, 2011, between American Airlines, Inc. and Airbus S.A.S. (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (Commission File No. 1-8400)).**</u>
10.58	<u>Amendment No. 12, dated as of June 26, 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 (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (Commission File No. 1-8400)).**</u>
10.59	<u>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 (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).**</u>
10.60	<u>Amendment No. 14, dated as of October 8, 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.**</u>
10.61	<u>Purchase Agreement No. 03735, dated as of February 1, 2013, between American Airlines, Inc., and The Boeing Company (incorporated by reference to Exhibit 10.7 to AMR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (Commission File No. 1-8400)).*</u>
10.62	<u>Supplemental Agreement No. 1, dated as of April 15, 2013, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AMR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (Commission File No. 1-8400)).*</u>
10.63	<u>Supplemental Agreement No. 2, dated as of March 6, 2015, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (Commission File No. 1-8400)).*</u>
10.64	<u>Supplemental Agreement No. 3, dated as of May 22, 2015, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).*</u>
10.65	<u>Letter Agreement, dated as of January 14, 2016, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 1-8400)).*</u>
10.66	<u>Supplemental Agreement No. 4, dated as of June 6, 2016, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (Commission File No. 1-8400)).*</u>
10.67	<u>Supplemental Agreement No. 5, dated as of August 8, 2016, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).*</u>
10.68	<u>Supplemental Agreement No. 6, dated as of November 15, 2016, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.33 to AAG's Annual Report on Form 10-K for the year ended December 31, 2016 (Commission File No. 1-8400)).*</u>
10.69	<u>Supplemental Agreement No. 7, dated as of March 2, 2017, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-8400)).*</u>

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Exhibit Number	Description
10.70	<u>Supplemental Agreement No. 8, dated as of December 7, 2017, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.45 to AAG's Annual Report on Form 10-K for the year ended December 31, 2017 (Commission File No. 1-8400)).*</u>
10.71	<u>Supplemental Agreement No. 9, dated as of April 6, 2018, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (Commission File No. 1-8400)).*</u>
10.72	<u>Supplemental Agreement No. 10, dated as of March 26, 2019, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 (Commission File No. 1-8400)).**</u>
10.73	<u>Letter Agreement, dated as of September 4, 2020, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (Commission File No. 1-8400)).**</u>
10.74	<u>Supplemental Agreement No. 11, dated as of October 9, 2020, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.**</u>
10.75	<u>Supplemental Agreement No. 12, dated as of October 22, 2020, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.**</u>
10.76	<u>Supplemental Agreement No. 13, dated as of November 17, 2020, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.**</u>
10.77	<u>Supplemental Agreement No. 14, dated as of November 25, 2020, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.**</u>
10.78	<u>Supplemental Agreement No. 15, dated as of December 15, 2020, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.**</u>
10.79	<u>Amendment 1, dated as of December 31, 2020, to the Letter Agreement, dated as of September 4, 2020, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.**</u>
10.80	<u>Consent Agreement, dated as of October 5, 2015, between American Airlines, Inc. (as successor in interest to US Airways, Inc.), American Airlines, Inc. and Airbus S.A.S. (incorporated by reference to Exhibit 10.98 to AAG's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-8400)).*</u>
10.81	<u>Supplemental Executive Retirement Program for Officers of American Airlines, Inc., as amended and restated as of January 1, 2005 (incorporated by reference to Exhibit 10.127 to AMR's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).†</u>
10.82	<u>Trust Agreement Under Supplemental Retirement Program for Officers of American Airlines, Inc., as amended and restated as of June 1, 2007 (incorporated by reference to Exhibit 10.128 to AMR's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).†</u>
10.83	<u>Trust Agreement Under Supplemental Executive Retirement Program for Officers of American Airlines, Inc. Participating in the Super Saver Plus Plan, as amended and restated as of June 1, 2007 (incorporated by reference to Exhibit 10.129 to AMR's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).†</u>
10.84	<u>American Airlines Group Inc. 2013 Incentive Award Plan (incorporated by reference to Exhibit 4.1 of AAG's Form S-8 Registration Statement, filed on December 4, 2013 (Registration No. 333-192660)).†</u>
10.85	<u>First Amendment to the American Airlines Group Inc. 2013 Incentive Award Plan (incorporated by reference to Exhibit 10.64 to AAG's Annual Report on Form 10-K for the year ended December 31, 2017 (Commission File No. 1-8400)).†</u>
10.86	<u>Form of American Airlines Group Inc. 2013 Incentive Award Plan Restricted Stock Unit (Cash-Settled) Award Grant Notice and Award Agreement (incorporated by reference to Exhibit 10.125 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).†</u>
10.87	<u>Form of American Airlines Group Inc. 2013 Incentive Award Plan Restricted Stock Unit (Stock-Settled) Award Grant Notice and Award Agreement (incorporated by reference to Exhibit 10.127 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).†</u>
10.88	<u>Form of American Airlines Group Inc. 2013 Incentive Award Plan Restricted Stock Unit (Stock-Settled) Award Grant Notice and Award Agreement for Director Grants (incorporated by reference to Exhibit 10.129 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).†</u>
10.89	<u>Form of Indemnification Agreement (incorporated by reference to Exhibit 10.9 to AAG's Current Report on Form 8-K filed on December 9, 2013 (Commission File No. 1-8400)).†</u>

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Exhibit Number	Description
10.90	US Airways Group, Inc. 2011 Incentive Award Plan (incorporated by reference to Exhibit 4.1 to US Airways Group's Registration Statement on Form S-8 filed on July 1, 2011 (Registration No. 333-175323)).†
10.91	2014 Short-Term Incentive Program Under 2013 Incentive Award Plan (incorporated by reference to Exhibit 10.8 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (Commission File No. 1-8400)).†
10.92	Form of Letter Agreement for Directors Travel Program (incorporated by reference to Exhibit 10.106 to US Airways Group's Annual Report on Form 10-K for the year ended December 31, 2007 (Commission File No. 1-8444)).†
10.93	Amended and Restated Employment Agreement, dated as of November 28, 2007, among US Airways Group, US Airways, Inc. and W. Douglas Parker (incorporated by reference to Exhibit 10.1 to US Airways Group's Current Report on Form 8-K filed on November 29, 2007 (Commission File No. 1-8444)).†
10.94	Form of Letter Agreement, dated April 25, 2017, by and between American Airlines Group Inc. and each of Robert D. Isom, Jr., Elise Eberwein, Stephen L. Johnson and Derek J. Kerr (incorporated by reference to Exhibit 10.1 to AAG's Current Report on Form 8-K filed on May 1, 2017 (Commission File No. 1-8400)).†
10.95	Letter Agreement, dated as of April 28, 2016, between American Airlines Group Inc. and W. Douglas Parker (incorporated by reference to Exhibit 10.1 to AAG's Current Report on Form 8-K filed on April 29, 2016 (Commission File No. 1-8400)).†
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to AAG's Current Report on Form 8-K filed on December 9, 2013 (Commission File No. 1-8400)).
21.1	Significant subsidiaries of AAG and American as of December 31, 2020.
23.1	Consent of Independent Registered Public Accounting Firm – KPMG LLP.
24.1	Powers of Attorney (included in signature page of this Annual Report on Form 10-K).
31.1	Certification of AAG Chief Executive Officer pursuant to Rule 13a-14(a).
31.2	Certification of AAG Chief Financial Officer pursuant to Rule 13a-14(a).
31.3	Certification of American Chief Executive Officer pursuant to Rule 13a-14(a).
31.4	Certification of American Chief Financial Officer pursuant to Rule 13a-14(a).
32.1	Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).
32.2	Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).
101.1	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).

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.

* Confidential treatment has been granted with respect to certain portions of this agreement.

** 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.

† Management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

Date: February 17, 2021

American Airlines Group Inc.

By: /s/ W. Douglas Parker
W. Douglas Parker
Chairman and Chief Executive Officer
(Principal Executive Officer)

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

Date: February 17, 2021

American Airlines, Inc.

By: /s/ W. Douglas Parker
W. Douglas Parker
Chairman and Chief Executive Officer
(Principal Executive Officer)

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KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints W. Douglas Parker and Derek J. Kerr and each or any of them, his or her true and lawful attorneys and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to the registrants' Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and to file the same with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys and agents, and each or any of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Date: February 17, 2021	<u>/s/ W. Douglas Parker</u> W. Douglas Parker Chairman and Chief Executive Officer (Principal Executive Officer)
Date: February 17, 2021	<u>/s/ Derek J. Kerr</u> Derek J. Kerr Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: February 17, 2021	<u>/s/ James F. Albaugh</u> James F. Albaugh, Director
Date: February 17, 2021	<u>/s/ Jeffrey D. Benjamin</u> Jeffrey D. Benjamin, Director
Date: February 17, 2021	<u>/s/ John T. Cahill</u> John T. Cahill, Director
Date: February 17, 2021	<u>/s/ Michael J. Embler</u> Michael J. Embler, Director
Date: February 17, 2021	<u>/s/ Matthew J. Hart</u> Matthew J. Hart, Director

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Date: February 17, 2021	<u>/s/ Susan D. Kronick</u> Susan D. Kronick, Director
Date: February 17, 2021	<u>/s/ Martin H. Nesbitt</u> Martin H. Nesbitt, Director
Date: February 17, 2021	<u>/s/ Denise M. O'Leary</u> Denise M. O'Leary, Director
Date: February 17, 2021	<u>/s/ Ray M. Robinson</u> Ray M. Robinson, Director
Date: February 17, 2021	<u>/s/ Douglas M. Steenland</u> Douglas M. Steenland, Director

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

Date: February 17, 2021	<u>/s/ W. Douglas Parker</u> W. Douglas Parker Chairman and Chief Executive Officer (Principal Executive Officer)
Date: February 17, 2021	<u>/s/ Derek J. Kerr</u> Derek J. Kerr Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: February 17, 2021	<u>/s/ Stephen L. Johnson</u> Stephen L. Johnson, Director
Date: February 17, 2021	<u>/s/ Robert D. Isom</u> Robert D. Isom, Director

WARRANT AGREEMENT

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WARRANT AGREEMENT dated as of January 15, 2021 (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 PSP2 Agreement) that shall exclusively be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 402(a) of Title IV of Division N of the Consolidated Appropriations Act, 2021 (December 27, 2020), as the same may be amended from time to time, and Treasury is willing to do so on the terms and conditions set forth in that certain Payroll Support Program Extension Agreement dated as of January 15, 2021, between American Airlines, Inc. and Treasury (the “PSP2 Agreement”); and

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP2 Agreement, the Company 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 January 15, 2021, issued by the Company, 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. After the Initial Closing, the closing of any subsequent issuance 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 on 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 Promissory Note) 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 March 31, 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.

3.1 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.

(1) 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) March 31, 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 earnings 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 Depository 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 IV
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: Meghan B. Montana, Treasurer
Email: ###
Telephone: ###

With copies to (which shall not constitute notice):

Latham & Watkins LLP
140 Scott Drive
Menlo Park, CA 94025
Attention: Tony Richmond
Facsimile: ###
Email: ###

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 Promissory Note.
- (c) The term “Lien” has the meaning ascribed thereto in the Promissory Note.
- (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 Promissory Note.
- (f) The term “Subsidiary” has the meaning ascribed thereto in the Promissory Note.

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 follows]

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/ Steven Mnuchin
Name: Steven Mnuchin
Title: Secretary

AMERICAN AIRLINES GROUP INC.

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Vice President and Treasurer

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.

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 American Airlines Group Inc.

Issue Date: [*], 2021

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 \$0.01 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).

“*Depository*” means The Depository 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.

“*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 of this Warrant, 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 Depository'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 Warrantholder 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: **American Airlines Group Inc.**

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 Depository:

Depository 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: AMERICAN AIRLINES GROUP INC.

By: __
Name: Meghan B. Montana
Title: Vice President and Treasurer

Attest:

By: __
Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Warrant]

Item 1

Name: American Airlines Group Inc.
Corporate or other organizational form: Corporation
Jurisdiction of organization: Delaware

Item 2

Exercise Price: \$15.66

Item 3

Issue Date: [*], 2021

Item 4

Date of Warrant Agreement between the Company and the United States Department of the Treasury: [*], 2021

Item 5

Number of shares of Common Stock: [*]

Item 6

Company's address:
1 Skyview Drive
Fort Worth, Texas, 76155

Item 7

Notice information:
1 Skyview Drive
Fort Worth, Texas 76155
Facsimile: ###
Attention: Meghan B. Montana, Treasurer
Email: ###
Telephone: ###

With copies to (which shall not constitute notice):

Latham & Watkins LLP
140 Scott Drive
Menlo Park, CA 94025
Attention: Tony Richmond
Facsimile: ###
Email: ###

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 Promissory Note 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 amount by which the principal amount of the Promissory Note is increased on such Warrant Closing Date multiplied *by* 0.1 *divided by* (y) the Exercise Price.

CAPITALIZATION

Common Shares Authorized (\$0.01 par value)	1,750,000,000
Common Shares Outstanding	621,479,522
Restricted Stock Unit Awards Outstanding at Target	7,881,717
Additional Restricted Stock Unit Awards Assuming Max Performance	1,164,671
PSP Warrants Issued	14,107,509
Treasury Loan Warrants Issued	4,396,483
Convertible Debt (assuming maximum conversion)	74,074,000
Total	<u>723,103,902</u>
Total Shares Available for Issuance Under 2013 Equity Incentive Plan	24,985,167
Preferred Shares Authorized (\$0.01 par value)	200,000,000
Preferred Shares Outstanding	0

REQUIRED STOCKHOLDER APPROVALS

None.

PAYROLL SUPPORT PROGRAM EXTENSION AGREEMENT

Recipient: American Airlines, Inc.
1 Skyview Drive
Fort Worth, TX 76155

PSP Participant Number: PSA-2004031029
Employer Identification Number: 13-1502798
DUNS Number: 006979801

Additional Recipients: Envoy Air Inc.
Piedmont Airlines, Inc.
PSA Airlines, Inc.

Amount of Initial Payroll Support Payment: \$1,543,376,857

The Department of the Treasury (Treasury) hereby provides Payroll Support (as defined herein) under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021. The Signatory Entity named above, on behalf of itself and its Affiliates (as defined herein), agrees to comply with this Agreement and applicable Federal law as a condition of receiving Payroll Support. The Signatory Entity and its undersigned authorized representatives acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in connection with this Agreement may result in administrative remedies as well as civil and/or criminal penalties.

The undersigned hereby agree to the attached Payroll Support Program Extension Agreement.

/s/ Steven Mnuchin

Department of the Treasury

Name: Steven Mnuchin

Title: Secretary

Date: January 15, 2021

/s/ Meghan B. Montana

American Airlines, Inc.

First Authorized Representative: Meghan B. Montana

Title: Vice President and Treasurer

Date: January 15, 2021

/s/ Derek J. Kerr

American Airlines, Inc.

Second Authorized Representative: Derek J. Kerr

Title: Executive Vice President and Chief Financial Officer

Date: January 15, 2021

PAYROLL SUPPORT PROGRAM EXTENSION AGREEMENT

INTRODUCTION

Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law) directs the Department of the Treasury (Treasury) to provide Payroll Support (as defined herein) to passenger air carriers and certain contractors that must be exclusively used for the continuation of payment of Employee Salaries, Wages, and Benefits (as defined herein). The PSP Extension Law permits Treasury to provide Payroll Support in such form, and on such terms and conditions, as the Secretary of the Treasury determines appropriate, and requires certain assurances from the Recipient (as defined herein).

This Payroll Support Program Extension Agreement, including the application and all supporting documents submitted by the Recipient and the Payroll Support Program Extension Certification attached hereto (collectively, Agreement), memorializes the binding terms and conditions applicable to the Recipient.

DEFINITIONS

As used in this Agreement, the following terms shall have the following respective meanings, unless the context clearly requires otherwise. In addition, this Agreement shall be construed in a manner consistent with any public guidance Treasury may from time to time issue regarding the implementation of the PSP Extension Law.

Additional Payroll Support Payment means any disbursement of Payroll Support occurring after the first disbursement of Payroll Support under this Agreement.

Affiliate means any Person that directly or indirectly controls, is controlled by, or is under common control with, the Recipient. 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.

Benefits means, without duplication of any amounts counted as Salary or Wages, pension expenses in respect of Employees, all expenses for accident, sickness, hospital, and death benefits to Employees, and the cost of insurance to provide such benefits; any Severance Pay or Other Benefits payable to Employees pursuant to a bona fide voluntary early retirement program or voluntary furlough; and any other similar expenses paid by the Recipient for the benefit of Employees, including any other fringe benefit expense described in lines 10 and 11 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

Corporate Officer means, with respect to the Recipient, 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 Recipient. Executive officers of subsidiaries or

parents of the Recipient may be deemed Corporate Officers of the Recipient if they perform such policy-making functions for the Recipient.

Employee means an individual who is employed by the Recipient and whose principal place of employment is in the United States (including its territories and possessions), including salaried, hourly, full-time, part-time, temporary, and leased employees, but excluding any individual who is a Corporate Officer or independent contractor.

Involuntary Termination or Furlough means the Recipient terminating the employment of one or more Employees or requiring one or more Employees to take a temporary suspension or unpaid leave for any reason, including a shut-down or slow-down of business; provided, however, that an Involuntary Termination or Furlough does not include a Permitted Termination or Furlough.

Maximum Awardable Amount means the amount determined by the Secretary with respect to the Recipient pursuant to section 403(a) of the PSP Extension Law.

Payroll Support means funds disbursed by the Secretary to the Recipient under this Agreement, including the first disbursement of Payroll Support and any Additional Payroll Support Payment.

PSP Extension Law means Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021.

Permitted Termination or Furlough means, with respect to an Employee, (1) a voluntary furlough, voluntary leave of absence, voluntary resignation, or voluntary retirement, (2) termination of employment resulting from such Employee's death or disability, or (3) the Recipient terminating the employment of such Employee for cause or placing such Employee on a temporary suspension or unpaid leave of absence for disciplinary reasons, in either case, as reasonably determined by the Recipient acting in good faith.

Person means any natural person, corporation, limited liability company, partnership, joint venture, trust, business association, governmental entity, or other entity.

PSP1 means the Payroll Support Program established under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136).

Recall means the dispatch of a notice by the Recipient, via mail, courier, or electronic mail, to an Employee who was subject to an Involuntary Termination or Furlough notifying the Employee that (1) the Employee must, within a specified period of time that is not less than 14 days or such other period for recall as is specified in an existing collective bargaining agreement entered into before December 27, 2020, elect either (a) to return to employment or bypass return to employment, in accordance with an applicable collective bargaining agreement or, in the absence of a collective bargaining agreement, the Recipient's policy; or (b) to permanently separate from employment with the Recipient; and (2) failure to respond within such time period specified shall be considered an election under clause (1)(b) of this definition.

Recipient means, collectively, the Signatory Entity; its Affiliates that are listed on the signature page hereto as Additional Recipients; and their respective heirs, executors, administrators, successors, and assigns.

Returning Employee means an Employee of the Recipient who was subject to an Involuntary Termination or Furlough and who has elected to return to employment pursuant to a Recall.

Salary means, without duplication of any amounts counted as Benefits, a predetermined regular payment, typically paid on a weekly or less frequent basis but which may be expressed as an hourly, weekly, annual or other rate, as well as cost-of-living differentials, vacation time, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

Secretary means the Secretary of the Treasury.

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 October 1, 2022) by the Recipient 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 Recipient in the manner prescribed in 17 CFR 229.402(j) (without regard to its limitation to the five most highly compensated executives and using the actual date of termination of employment rather than the last business day of the Recipient's last completed fiscal year as the trigger event).

Signatory Entity means the passenger air carrier or contractor that has entered into this Agreement.

Taxpayer Protection Instruments means warrants, options, preferred stock, debt securities, notes, or other financial instruments issued by the Recipient or an Affiliate to Treasury as compensation for the Payroll Support under this Agreement, if applicable.

Total Compensation means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Recipient or an Affiliate, as applicable, which shall be determined and calculated for the 2019 calendar year or any applicable 12-month period in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed under paragraph e.6 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.

Wage means, without duplication of any amounts counted as Benefits, a payment, typically paid on an hourly, daily, or piecework basis, including cost-of-living differentials, vacation, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

PAYROLL SUPPORT PAYMENTS

1. Upon the execution of this Agreement by Treasury and the Recipient, the Secretary shall approve the Recipient's application for Payroll Support.
2. The Recipient may receive Payroll Support in multiple payments up to the Maximum Awardable Amount, and the amounts (individually and in the aggregate) and timing of such payments will be determined by the Secretary in his sole discretion. The Secretary may, in his sole discretion, increase or reduce the Maximum Awardable Amount (a) consistent with section 403(a) of the PSP Extension Law and (b) on a pro rata basis in order to address any shortfall in available funds, pursuant to section 403(c) of the PSP Extension Law.
3. The Secretary may determine in his sole discretion that any Payroll Support shall be conditioned on, and subject to, compliance by the Recipient with all applicable requirements under PSP1 if the Recipient received financial assistance in PSP1, and such additional terms and conditions (including the receipt of, and any terms regarding, Taxpayer Protection Instruments) to which the parties may agree in writing.

TERMS AND CONDITIONS

Retaining and Paying Employees

4. The Recipient shall use the Payroll Support exclusively for the continuation of payment of Wages, Salaries, and Benefits to the Employees of the Recipient, including the payment of lost Wages, Salaries, and Benefits to Returning Employees.
 - a. *Furloughs and Layoffs*. The Recipient shall not conduct an Involuntary Termination or Furlough of any Employee between the date of this Agreement and March 31, 2021.
 - b. *Employee Salary, Wages, and Benefits*
 - i. *Salary and Wages*. Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and March 31, 2021, reduce, without the Employee's consent, (A) the pay rate of any Employee earning a Salary, or (B) the pay rate of any Employee earning Wages.
 - ii. *Benefits*. Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and March 31, 2021, reduce, without the Employee's consent, the Benefits of any Employee; provided, however, that for purposes of this paragraph, personnel expenses associated with the performance of work duties, including those described in line 10 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, may be reduced to the extent the associated work duties are not performed.

4.1. If the Recipient received financial assistance in PSP1, the Recipient shall:

- a. Recall, not later than 72 hours after this Agreement has been executed by each party hereto, any Employees who were subject to an Involuntary Termination or Furlough between October 1, 2020, and the effective date of this Agreement, and enable each Returning Employee to return to employment within 30 days after making the election to do so;
- b. compensate, not later than 30 days after a Returning Employee returns to employment, such Returning Employee for lost Salary, Wages, and Benefits (offset by any amounts received by the Returning Employee from the Recipient or an Affiliate as a result of such Returning Employee's Involuntary Termination or Furlough, including any Severance Pay or Other Benefits or furlough pay) between December 1, 2020, and the effective date of this Agreement; and
- c. restore the rights and protections for any Returning Employees as if such Returning Employees had not been subject to an Involuntary Termination or Furlough.

4.2. If the Recipient did not receive financial assistance in PSP1, the Recipient shall:

- a. Recall, not later than 72 hours after this Agreement has been executed by each party hereto, any Employees who were subject to an Involuntary Termination or Furlough between March 27, 2020, and the effective date of this Agreement, and enable each Returning Employee to return to employment within 30 days of making the election to do so;
- b. compensate, not later than 30 days after a Returning Employee returns to employment, such Returning Employee for lost Salary, Wages, and Benefits (offset by any amounts received by the Returning Employee from the Recipient or an Affiliate as a result of such Returning Employee's Involuntary Termination or Furlough, including any Severance Pay or Other Benefits or furlough pay) between December 1, 2020, and the effective date of this Agreement; and
- c. restore the rights and protections for any Returning Employees as if such Returning Employees had not been subject to an Involuntary Termination or Furlough.

Dividends and Buybacks

5. Through March 31, 2022, neither the Recipient nor any Affiliate shall, in any transaction, purchase an equity security of the Recipient or of any direct or indirect parent company of the Recipient that, in either case, is listed on a national securities exchange.
6. Through March 31, 2022, the Recipient shall not pay dividends, or make any other capital distributions, with respect to the common stock (or equivalent equity interest) of the Recipient.

Limitations on Certain Compensation

7. Beginning October 1, 2020, and ending October 1, 2022, the Recipient and its Affiliates shall not pay any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$425,000 in calendar year 2019 (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before December 27, 2020):
 - a. Total Compensation which exceeds, during any 12 consecutive months of such two-year period, the Total Compensation the Corporate Officer or Employee received in calendar year 2019; or
 - b. Severance Pay or Other Benefits in connection with a termination of employment with the Recipient which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
8. Beginning October 1, 2020, and ending October 1, 2022, the Recipient and its Affiliates shall not pay, during any 12 consecutive months of such two-year period, any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$3,000,000 in calendar year 2019 Total Compensation in excess of the sum of:
 - a. \$3,000,000; and
 - b. 50 percent of the excess over \$3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
9. For purposes of determining applicable amounts under paragraphs 7 and 8 with respect to any Corporate Officer or Employee who was employed by the Recipient or an Affiliate 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.

Continuation of Service

10. If the Recipient is an air carrier, until March 1, 2022, the Recipient shall comply with any applicable requirement issued by the Secretary of Transportation under section 407) of the PSP Extension Law to maintain scheduled air transportation service to any point served by the Recipient before March 1, 2020.

Effective Date

11. This Agreement shall be effective as of the date of its execution by both parties.

Reporting and Auditing

12. Until the calendar quarter that begins after the later of October 1, 2022, and the date on which no Taxpayer Protection Instrument is outstanding, not later than 45 days after the end of each

of the first three calendar quarters of each calendar year and 90 days after the end of each calendar year, the Signatory Entity, on behalf of itself and each other Recipient, shall certify to Treasury that it is in compliance with the terms and conditions of this Agreement and provide a report containing the following:

- a. the amount of Payroll Support funds expended during such quarter;
- b. the Recipient's financial statements (audited by an independent certified public accountant, in the case of annual financial statements);
- c. a copy of the Recipient's IRS Form 941 filed with respect to such quarter; and
- d. a detailed summary describing, with respect to the Recipient, (a) any changes in Employee headcount during such quarter and the reasons therefor, including any Involuntary Termination or Furlough, (b) any changes in the amounts spent by the Recipient on Employee Wages, Salary, and Benefits during such quarter, and (c) any changes in Total Compensation for, and any Severance Pay or Other Benefits in connection with the termination of, Corporate Officers and Employees subject to limitation under this Agreement during such quarter; and the reasons for any such changes.

13. If the Recipient or any Affiliate, or any Corporate Officer of the Recipient or any Affiliate, becomes aware of facts, events, or circumstances that may materially affect the Recipient's compliance with the terms and conditions of this Agreement, the Recipient or Affiliate shall promptly provide Treasury with a written description of the events or circumstances and any action taken, or contemplated, to address the issue.

14. In the event the Recipient contemplates any action to commence a bankruptcy or insolvency proceeding in any jurisdiction, the Recipient shall promptly notify Treasury.

15. The Recipient shall:

- a. Promptly provide to Treasury and the Treasury Inspector General a copy of any Department of Transportation Inspector General report, audit report, or report of any other oversight body, that is received by the Recipient relating to this Agreement.
- b. Immediately notify Treasury and the Treasury Inspector General of any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the Payroll Support.
- c. Promptly provide Treasury with any information Treasury may request relating to compliance by the Recipient and its Affiliates with this Agreement.

16. The Recipient and Affiliates will provide Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the Recipient related to the Payroll Support, to enable Treasury and the Treasury Inspector General to make audits,

examinations, and otherwise evaluate the Recipient's compliance with the terms of this Agreement. This right also includes timely and reasonable access to the Recipient's and its Affiliates' personnel for the purpose of interview and discussion related to such documents. This right of access shall continue as long as records are required to be retained. In addition, the Recipient will provide timely reports as reasonably required by Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury to comply with applicable law and to assess program effectiveness.

Recordkeeping and Internal Controls

17. If the Recipient is a debtor as defined under 11 U.S.C. § 101(13), the Payroll Support funds, any claim or account receivable arising under this Agreement, and any segregated account holding funds received under this Agreement shall not constitute or become property of the estate under 11 U.S.C. § 541.
18. The Recipient shall expend and account for Payroll Support funds in a manner sufficient to:
 - a. Permit the preparation of accurate, current, and complete quarterly reports as required under this Agreement.
 - b. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used as required under this Agreement.
19. The Recipient shall establish and maintain effective internal controls over the Payroll Support; comply with all requirements related to the Payroll Support established under applicable Federal statutes and regulations; monitor compliance with Federal statutes, regulations, and the terms and conditions of this Agreement; and take prompt corrective actions in accordance with audit recommendations. The Recipient shall promptly remedy any identified instances of noncompliance with this Agreement.
20. The Recipient and Affiliates shall retain all records pertinent to the receipt of Payroll Support and compliance with the terms and conditions of this Agreement (including by suspending any automatic deletion functions for electronic records, including e-mails) for a period of three years following the period of performance. Such records shall include all information necessary to substantiate factual representations made in the Recipient's application for Payroll Support, including ledgers and sub-ledgers, and the Recipient's and Affiliates' compliance with this Agreement. While electronic storage of records (backed up as appropriate) is preferable, the Recipient and Affiliates may store records in hardcopy (paper) format. The term "records" includes all relevant financial and accounting records and all supporting documentation for the information reported on the Recipient's quarterly reports.
21. If any litigation, claim, investigation, or audit relating to the Payroll Support is started before the expiration of the three-year period, the Recipient and Affiliates shall retain all records described in paragraph 20 until all such litigation, claims, investigations, or audit findings have been completely resolved and final judgment entered or final action taken.

Remedies

22. If Treasury believes that an instance of noncompliance by the Recipient or an Affiliate with (a) this Agreement, (b) sections 404 or 406 of the PSP Extension Law, or (c) the Internal Revenue Code of 1986 as it applies to the receipt of Payroll Support has occurred, Treasury may notify the Recipient in writing of its proposed determination of noncompliance, provide an explanation of the nature of the noncompliance, and specify a proposed remedy. Upon receipt of such notice, the Recipient shall, within seven days, accept Treasury's proposed remedy, propose an alternative remedy, or provide information and documentation contesting Treasury's proposed determination. Treasury shall consider any such submission by the Recipient and make a final written determination, which will state Treasury's findings regarding noncompliance and the remedy to be imposed.
23. If Treasury makes a final determination under paragraph 22 that an instance of noncompliance has occurred, Treasury may, in its sole discretion, withhold any Additional Payroll Support Payments; require the repayment of the amount of any previously disbursed Payroll Support, with appropriate interest; require additional reporting or monitoring; initiate suspension or debarment proceedings as authorized under 2 CFR Part 180; terminate this Agreement; or take any such other action as Treasury, in its sole discretion, deems appropriate.
24. Treasury may make a final determination regarding noncompliance without regard to paragraph 22 if Treasury determines, in its sole discretion, that such determination is necessary to protect a material interest of the Federal Government. In such event, Treasury shall notify the Recipient of the remedy that Treasury, in its sole discretion, shall impose, after which the Recipient may contest Treasury's final determination or propose an alternative remedy in writing to Treasury. Following the receipt of such a submission by the Recipient, Treasury may, in its sole discretion, maintain or alter its final determination.
25. Any final determination of noncompliance and any final determination to take any remedial action described herein shall not be subject to further review. To the extent permitted by law, the Recipient waives any right to judicial review of any such determinations and further agrees not to assert in any court any claim arising from or relating to any such determination or remedial action.
26. Instead of, or in addition to, the remedies listed above, Treasury may refer any noncompliance or any allegations of fraud, waste, or abuse to the Treasury Inspector General.
27. Treasury, in its sole discretion, may grant any request by the Recipient for termination of this Agreement, which such request shall be in writing and shall include the reasons for such termination, the proposed effective date of the termination, and the amount of any unused Payroll Support funds the Recipient requests to return to Treasury. Treasury may, in its sole discretion, determine the extent to which the requirements under this Agreement may cease to apply following any such termination.

28. If Treasury determines that any remaining portion of the Payroll Support will not accomplish the purpose of this Agreement, Treasury may terminate this Agreement in its entirety to the extent permitted by law.

Debts

29. Any Payroll Support in excess of the amount which Treasury determines, at any time, the Recipient is authorized to receive or retain under the terms of this Agreement constitutes a debt to the Federal Government.

30. Any debts determined to be owed by the Recipient to the Federal Government shall be paid promptly by the Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made. Interest, penalties, and administrative charges shall be charged on delinquent debts in accordance with 31 U.S.C. § 3717, 31 CFR 901.9, and paragraphs 31 and 32. Treasury will refer any debt that is more than 180 days delinquent to Treasury's Bureau of the Fiscal Service for debt collection services.

31. Penalties on any debts shall accrue at a rate of not more than 6 percent per year or such other higher rate as authorized by law.

32. Administrative charges relating to the costs of processing and handling a delinquent debt shall be determined by Treasury.

33. The Recipient shall not use funds from other federally sponsored programs to pay a debt to the government arising under this Agreement.

Protections for Whistleblowers

34. In addition to other applicable whistleblower protections, in accordance with 41 U.S.C. § 4712, the Recipient shall not discharge, demote, or otherwise discriminate against an Employee as a reprisal for disclosing information to a Person listed below that the Employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant:

- a. A Member of Congress or a representative of a committee of Congress;
- b. An Inspector General;
- c. The Government Accountability Office;
- d. A Treasury employee responsible for contract or grant oversight or management;

- e. An authorized official of the Department of Justice or other law enforcement agency;
- f. A court or grand jury; or
- g. A management official or other Employee of the Recipient who has the responsibility to investigate, discover, or address misconduct.

Lobbying

35. The Recipient shall comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.

Non-Discrimination

36. The Recipient shall comply with, and hereby assures that it will comply with, all applicable Federal statutes and regulations relating to nondiscrimination including:

- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*), including Treasury's implementing regulations at 31 CFR Part 22;
- b. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- c. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101–6107), including Treasury's implementing regulations at 31 CFR Part 23 and the general age discrimination regulations at 45 CFR Part 90; and
- d. The Air Carrier Access Act of 1986 (49 U.S.C. § 41705).

Additional Reporting

37. Within seven days after the date of this Agreement, the Recipient shall register in SAM.gov, and thereafter maintain the currency of the information in SAM.gov until at least October 1, 2022. The Recipient shall review and update such information at least annually after the initial registration, and more frequently if required by changes in the Recipient's information. The Recipient agrees that this Agreement and information related thereto, including the Maximum Awardable Amount and any executive total compensation reported pursuant to paragraph 38, may be made available to the public through a U.S. Government website, including SAM.gov.

38. For purposes of paragraph 37, the Recipient shall report total compensation as defined in paragraph e.6 of the award term in 2 CFR part 170, App. A for each of the Recipient's five most highly compensated executives for the preceding completed fiscal year, if:

- a. the total Payroll Support is \$25,000 or more;
- b. in the preceding fiscal year, the Recipient received:

- i. 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
 - ii. \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
- c. the public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. To determine if the public has access to the compensation information, the Recipient shall refer to U.S. Securities and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.

39. The Recipient shall report executive total compensation described in paragraph 38:

- a. as part of its registration profile at <https://www.sam.gov>; and
- b. within five business days after the end of each month following the month in which this Agreement becomes effective, and annually thereafter.

40. The Recipient agrees that, from time to time, it will, at its own expense, promptly upon reasonable request by Treasury, execute and deliver, or cause to be executed and delivered, or use its commercially reasonable efforts to procure, all instruments, documents and information, all in form and substance reasonably satisfactory to Treasury, to enable Treasury to ensure compliance with, or effect the purposes of, this Agreement, which may include, among other documents or information, (a) certain audited financial statements of the Recipient, (b) documentation regarding the Recipient's revenues derived from its business as a passenger air carrier or regarding the passenger air carriers for which the Recipient provides services as a contractor (as the case may be), and (c) the Recipient's most recent quarterly Federal tax returns. The Recipient agrees to provide Treasury with such documents or information promptly.

41. If the total value of the Recipient's currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period before termination of this Agreement, then the Recipient shall make such reports as required by 2 CFR part 200, Appendix XII.

Other

42. The Recipient acknowledges that neither Treasury, nor any other actor, department, or agency of the Federal Government, shall condition the provision of Payroll Support on the Recipient's implementation of measures to enter into negotiations with the certified bargaining representative of a craft or class of employees of the Recipient 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.

43. Notwithstanding any other provision of this Agreement, the Recipient has no right to, and shall not, transfer, pledge, mortgage, encumber, or otherwise assign this Agreement or any Payroll Support provided under this Agreement, or any interest therein, or any claim, account receivable, or funds arising thereunder or accounts holding Payroll Support, to any party, bank, trust company, or other Person without the express written approval of Treasury.
44. The Signatory Entity will cause its Affiliates to comply with all of their obligations under or relating to this Agreement.
45. Unless otherwise provided in guidance issued by Treasury or the Internal Revenue Service, the form of any Taxpayer Protection Instrument held by Treasury and any subsequent holder will be treated as such form for purposes of the Internal Revenue Code of 1986 (for example, a Taxpayer Protection Instrument in the form of a note will be treated as indebtedness for purposes of the Internal Revenue Code of 1986).
46. This Agreement may not be amended or modified except pursuant to an agreement in writing entered into by the Recipient and Treasury, except that Treasury may unilaterally amend this Agreement if required in order to comply with applicable Federal law or regulation.
47. Subject to applicable law, Treasury may, in its sole discretion, waive any term or condition under this Agreement imposing a requirement on the Recipient or any Affiliate.
48. This Agreement shall bind and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, and assigns.
49. The Recipient represents and warrants to Treasury that this Agreement, and the issuance and delivery to Treasury of the Taxpayer Protection Instruments, if applicable, have been duly authorized by all requisite corporate and, if required, stockholder action, and will not result in the violation by the Recipient of any provision of law, statute, or regulation, or of the articles of incorporation or other constitutive documents or bylaws of the Recipient, or breach or constitute an event of default under any material contract to which the Recipient is a party.
50. The Recipient represents and warrants to Treasury that this Agreement has been duly executed and delivered by the Recipient and constitutes a legal, valid, and binding obligation of the Recipient enforceable against the Recipient in accordance with its terms.
51. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single contract.
52. The words “execution,” “signed,” “signature,” and words of like import in any assignment 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 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.

53. The captions and paragraph headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.
54. This Agreement is governed by and shall be construed in accordance with Federal law. Insofar as there may be no applicable Federal law, this Agreement shall be construed in accordance with the laws of the State of New York, without regard to any rule of conflicts of law (other than section 5-1401 of the New York General Obligations Law) that would result in the application of the substantive law of any jurisdiction other than the State of New York.
55. Nothing in this Agreement shall require any unlawful action or inaction by either party.
56. The requirement pertaining to trafficking in persons at 2 CFR 175.15(b) is incorporated herein and made applicable to the Recipient.
57. This Agreement, together with the attachments hereto, including the Payroll Support Program Extension Certification and any attached terms regarding Taxpayer Protection Instruments, constitute the entire agreement of the parties relating to the subject matter hereof and supersede any previous agreements and understandings, oral or written, relating to the subject matter hereof. There may exist other agreements between the parties as to other matters, which are not affected by this Agreement and are not included within this integration clause.
58. No failure by either party to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy hereunder, and no acceptance of full or partial Payroll Support (if applicable) or other performance by either party during the continuance of any such breach, shall constitute a waiver of any such breach of such provision.

ATTACHMENT

Payroll Support Program Extension Certification of Corporate Officer of Recipient

PAYROLL SUPPORT PROGRAM EXTENSION

CERTIFICATION OF CORPORATE OFFICER OF RECIPIENT

In connection with the Payroll Support Program Extension Agreement (Agreement) between American Airlines, Inc. and the Department of the Treasury (Treasury) relating to Payroll Support being provided by Treasury to the Recipient under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021, I hereby certify under penalty of perjury to the Treasury that all of the following are true and correct. Capitalized terms used but not defined herein have the meanings set forth in the Agreement.

(1) I have the authority to make the following representations on behalf of myself and the Recipient. I understand that these representations will be relied upon as material in the decision by Treasury to provide Payroll Support to the Recipient.

(2) The information and certifications provided by the Recipient in an application for Payroll Support, and in any attachments or other information provided by the Recipient to Treasury related to the application, are true and correct and do not contain any materially false, fictitious, or fraudulent statement, nor any concealment or omission of any material fact.

(3) The Recipient has the legal authority to apply for the Payroll Support, and it has the institutional, managerial, and financial capability to comply with all obligations, terms, and conditions set forth in the Agreement and any attachment thereto.

(4) The Recipient and any Affiliate will give Treasury, Treasury's designee or the Treasury Office of Inspector General (as applicable) access to, and opportunity to examine, all documents, papers, or other records of the Recipient or Affiliate pertinent to the provision of Payroll Support made by Treasury based on the application, in order to make audits, examinations, excerpts, and transcripts.

(5) No Federal appropriated funds, including Payroll Support, have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(6) If the Payroll Support exceeds \$100,000, the Recipient shall comply with the disclosure requirements in 31 CFR Part 21 regarding any amounts paid for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Payroll Support.

I acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in this certification, or in the application that it supports, may be the subject of criminal prosecution and also may subject me and the Recipient to civil penalties and/or administrative remedies for false claims or otherwise.

/s/ Meghan B. Montana

Corporate Officer of Signatory Entity

Name: Meghan B. Montana

Title: Vice President and Treasurer

Date: January 15, 2021

/s/ Derek J. Kerr

Second Authorized Representative

Name: Derek J. Kerr

Title: Executive Vice President and Chief Financial Officer

Date: January 15, 2021

PROMISSORY NOTE

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 OR SUCH LAWS.

Reference is made to that certain Payroll Support Program Extension Agreement ("PSP2 Agreement") dated as of the date hereof by and among American Airlines, Inc., a Delaware corporation ("AA"), having an office at 1 Skyview Drive, Fort Worth, TX 76155, and the United States Department of the Treasury ("Treasury"), having an office at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, entered into by AA and Treasury pursuant to the Consolidated Appropriations Act, 2021 (December 27, 2020) ("PSP Extension Law").

WHEREAS, American Airlines Group Inc., a Delaware corporation ("Issuer"), has requested that Treasury provide financial assistance to the Issuer and certain of its Affiliates (as defined below) that are Recipients (as defined in the PSP2 Agreement) that shall be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 402(a) of the PSP Extension Law.

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP2 Agreement, Issuer has agreed to issue this Promissory Note ("Note") to Treasury on the terms and conditions set forth herein.

FOR VALUE RECEIVED, Issuer unconditionally promises to pay to the Holder (as defined below) the principal sum of FOUR HUNDRED THIRTY-THREE MILLION, THIRTEEN THOUSAND, FIFTY-SEVEN DOLLARS (\$433,013,057), subject to increases and/or decreases made pursuant to Section 2.1, as permissible under the PSP2 Agreement, or Section 2.3, in each case as noted by the Holder in Schedule I (the "Principal Amount"), outstanding hereunder, together with all accrued interest thereon on the Maturity Date (as defined below) as provided in this Note. Notations made by the Holder in Schedule I shall be final and conclusive absent manifest error; provided, however, that any failure by the Holder to make such notations or any error by omission by the Holder in this regard shall not affect the obligation of the Issuer to pay the full amount of the principal of and interest on the Note or any other amount owing hereunder.

1 DEFINITIONS

1.1 Defined Terms. As used in this Note, capitalized terms have the meanings specified in Annex A.

1.2 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 Note in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Annexes and Schedules shall be construed to refer to Sections of, and Annexes and Schedules to, this Note, (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.

1.3 Accounting Terms. All accounting terms not otherwise defined herein shall be construed in conformity with GAAP, as in effect from time to time.

2 **NOTE**

2.1 **Principal Amount.** Upon any disbursement to the Issuer under the PSP2 Agreement after the Closing Date, the Principal Amount of this Note shall be increased in an amount equal to 30% of any such disbursement; provided, however, that no increases in the Principal Amount of this Note shall occur pursuant to this Section until the aggregate principal amount of any disbursements to the Issuer under the PSP2 Agreement is greater than \$100,000,000.

2.2 **Maturity Date.** The aggregate unpaid principal amount of the Note, all accrued and unpaid interest, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless otherwise provided in Section 5.1.

2.3 **Prepayments.**

(a) **Optional Prepayments.** The Issuer may, upon written notice to the Holder, at any time and from time to time prepay the Note in whole or in part without premium or penalty in a minimum aggregate principal amount equal to the lesser of \$5,000,000 and the Principal Amount outstanding.

(b) **Mandatory Prepayments.** If a Change of Control occurs, within thirty (30) days following the occurrence of such Change of Control, the Issuer shall prepay the aggregate principal amount outstanding under the Note and any accrued interest or other amounts owing under the Note. The Issuer will not, and will not permit any Subsidiary to, enter into any Contractual Obligation (other than this Note) that, directly or indirectly, restricts the ability of the Issuer or any Subsidiary to make such prepayment hereunder.

2.4 **Interest.**

(a) **Interest Rate.** Subject to paragraph (b) of this Section, the Note shall bear interest on the Principal Amount outstanding from time to time at a rate per annum equal to 1.00% until the fifth anniversary of the Closing Date, and the Applicable SOFR Rate plus 2.00% thereafter until the Maturity Date. All interest hereunder shall be computed on the basis of the actual number of days in each interest period and a year of 365 or 366 days, as applicable, until the fifth anniversary of the Closing Date and computed in a manner determined by the Holder thereafter, based on prevailing customary market conventions for the use of the Applicable SOFR Rate in floating-rate debt instruments at the time of the announcement of the Applicable SOFR Rate. Each interest period will be from, and including, the Closing Date, or from and including the most recent interest payment date to which interest has been paid or provided for, to, but excluding the next interest payment date.

(b) **Default Interest.** If any amount payable by the Issuer or any Guarantor under this Note (including principal of the Note, interest, fees or other amount) is not paid when due, whether at stated maturity, upon acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate. While any Event of Default exists, the Issuer or any Guarantor shall pay interest on the principal amount of the Note outstanding hereunder at a rate per annum equal to the applicable Default Rate.

(c) **Payment Dates.** Accrued interest on the Note shall be payable in arrears on the last Business Day of March and September of each year, beginning with March 31, 2021, and on the Maturity Date 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 the Note, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) **SOFR Fallback.** If, at any time, the Holder or its designee determines that a Benchmark Transition Event has occurred with respect to the Applicable SOFR Rate or SOFR, or any successor rate, the Holder or its designee will designate a Benchmark Replacement and, as applicable, make Benchmark Conforming Changes in a manner consistent with the methodology set forth in the ARRC Fallback Provisions. Any determination, decision or election that may be made by the Holder or its designee pursuant to this Section (d), and any decision to take or refrain from taking any action or making any determination, decision or election arising out of or relating to this Section (d), shall be conclusive and binding absent manifest error, may be made by the Holder or its designee in its sole discretion, and, notwithstanding anything to the contrary in this Note, shall become effective without the consent of the Issuer, any Guarantor or any other party. Any terms used in this Section (d) but not defined in this Note shall be construed in a manner consistent with the ARRC Fallback Provisions.

2.5 Payments Generally.

(a) Payments by Issuer. All payments to be made by the Issuer hereunder shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, (i) for so long as Treasury is the Holder of this Note, each payment under this Note shall be paid in immediately available funds by electronic funds transfer to the account of the United States Treasury maintained at the Federal Reserve Bank of New York specified by Treasury in a written notice to the Issuer, or to such other account as may be specified from time to time by Treasury in a written notice to the Issuer, or (ii) in the event that Treasury is not the Holder of this Note, then each payment under this Note shall be made in immediately available funds by electronic funds transfer to such account as shall be specified by the Holder in a written notice to the Issuer, in each case not later than 12:00 noon (Washington, D.C. time) on the date specified herein. All amounts received by the Holder 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. If any payment to be made by the Issuer 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 shall be made in Dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Holder 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, and (ii) second, to pay principal then due hereunder.

3 REPRESENTATIONS AND WARRANTIES

The Issuer and each Guarantor represents and warrants to the Holder on the Closing Date and is deemed to represent and warrant to the Holder on any date on which the amount of the Note is increased pursuant to the terms hereof and in accordance with the PSP2 Agreement that:

3.1 Existence, Qualification and Power. The Issuer, each Guarantor and each Subsidiary (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 Note, 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 the Issuer and each Guarantor), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

3.2 Authorization; No Contravention. The execution, delivery and performance by the Issuer and each Guarantor of the Note 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 the Issuer or any Guarantor is a party or affecting the Issuer or any Guarantor or the material properties of the Issuer, any Guarantor or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Issuer, the Guarantor 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.

3.3 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 Issuer or any Guarantor of this Note, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

3.4 Execution and Delivery; Binding Effect. This Note has been duly executed and delivered by the Issuer and each Guarantor. This Note constitutes a legal, valid and binding obligation of the Issuer and each Guarantor, enforceable against the Issuer and each Guarantor 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.

4 COVENANTS

Until all Obligations shall have been paid in full or until any later date as provided for in this Note, the Issuer covenants and agrees with the Holder that:

4.1 Notices. The Issuer will promptly notify the Holder of the occurrence of any Default.

4.2 Guarantors. The Guarantors listed on the signature page to this Note hereby Guarantee the Guaranteed Obligations as set forth in Annex B. If any Subsidiary (other than an Excluded Subsidiary) is formed or acquired after the Closing Date or if any Subsidiary ceases to be an Excluded Subsidiary, then the Issuer will cause such Subsidiary to become a Guarantor of this Note within 30 days of such Subsidiary being formed or acquired or of such Subsidiary ceasing to be an Excluded Subsidiary pursuant to customary documentation reasonably acceptable to the Holder and on the terms and conditions set forth in Annex B.

4.3 Pari Passu Ranking. The Obligations of the Issuer and any Guaranteed Obligations of any Guarantor under this Note shall be unsecured obligations of the Issuer and any Guarantor ranking *pari passu* with all existing and future senior unsecured Indebtedness of the Issuer or any Guarantor that is not subordinated in right of payment to the holder or lender of such Indebtedness.

5 EVENTS OF DEFAULT

5.1 Events of Default. If any of the following events (each, an "Event of Default") shall occur:

(a) the Issuer shall fail to pay any principal of the Note 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 Issuer shall fail to pay any interest on the Note, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Note, 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 the Issuer or any Guarantor, including those made prior to the Closing Date, in or in connection with this Note or any amendment or modification hereof, or any waiver hereunder, or in the PSP2 Agreement, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Note, the PSP2 Agreement or the PSP2 Application 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 Note already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) the Issuer shall fail to observe or perform any covenant, condition or agreement contained in Section 4.1;

(e) the Issuer or any Guarantor shall fail to observe or perform any covenant, condition or agreement contained in this Note (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of 30 or more days after notice thereof by the Holder to the Issuer;

(f) (i) the Issuer or any Guarantor shall default in the performance of any obligation relating to any Indebtedness (other than Indebtedness under the Note) having an aggregate principal amount equal to or greater than \$260,000,000.00 ("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 shall have caused such Material Indebtedness to become due prior to its scheduled final maturity date or (ii) the Issuer or any Guarantor shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of the Issuer or any Guarantor, any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with and such failure to make payment when due shall be continuing for a period of more than five (5) consecutive Business Days following the applicable scheduled final maturity date or the applicable grace period thereunder, in an aggregate principal amount at any single time unpaid exceeding \$260,000,000.00;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Issuer, any Guarantor or any Subsidiary 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 the Issuer or any of its Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Issuer, any Guarantor or any Subsidiary 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 Issuer, any Guarantor or any Subsidiary 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 or (v) make a general assignment for the benefit of creditors;

(i) the Issuer, any Guarantor or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against the Issuer, any Guarantor or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding an amount equal to or greater than \$260,000,000.00 (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 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(k) any material provision of the Note, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or the Issuer, any Guarantor or any other Person contests in writing the validity or enforceability of any provision of the Note; or the Issuer or any Guarantor denies in writing that it has any or further liability or obligation under the Note, or purports in writing to revoke, terminate or rescind the Note;

then, and in every such event (other than an event with respect to the Issuer or any Guarantor described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Holder may, by notice to the Issuer, take any or all of the following actions, at the same or different times:

(i) declare any amounts then outstanding under the Note 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 Note so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Issuer 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 Issuer and any Guarantor; and

(ii) exercise on all rights and remedies available to it under the Note and Applicable Law;

provided that, in case of any event with respect to the Issuer or any Guarantor described in clause (g) or (h) of this Section, the principal of the Note 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 Issuer and any Guarantor.

6 MISCELLANEOUS

6.1 Notices.

(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 and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email as follows:

(i) if to the Issuer or any Guarantor, to 1 Skyview Drive, Fort Worth, Texas, 76155, Attention of Meghan B. Montana, Treasurer (Telephone No. ###; Email: ##);

(ii) if to the Holder, to the Department of the Treasury at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, Attention of Assistant General Counsel (Banking and Finance) (Telephone No. ###; Email: ##); and

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 Holder hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Holder. The Holder, the Issuer or any Guarantor 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 Holder 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.

6.2 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Holder in exercising any right, remedy, power or privilege hereunder 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 Holder hereunder and under the Note are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Note, no amendment or waiver of any provision of this Note, and no consent to any departure by the Issuer therefrom, shall be effective unless in writing executed by the Issuer and the Holder, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Issuer shall pay (i) all reasonable out-of-pocket expenses incurred by the Holder (including the reasonable fees, charges and disbursements of any counsel for the Holder) in connection with the preparation, negotiation, execution, delivery and administration of this Note and the PSP2 Agreement, 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 Holder (including the fees, charges and disbursements of any counsel for the Holder), in connection with the enforcement or protection of its rights in connection with this Note and the PSP2 Agreement, 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 all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Note, PSP2 Agreement and other agreements or documents executed in connection herewith or therewith.

(b) Indemnification by the Issuer. The Issuer shall indemnify the Holder and each of its Related Parties (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 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 Issuer) arising out of, in connection with, or as a result of (i) the execution or delivery of this Note or any agreement or instrument contemplated hereby, the performance by the Issuer or any Guarantor of its obligations hereunder or the consummation of the transactions contemplated hereby, (ii) the Note or the use or proposed use of the proceeds therefrom, or (iii) 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 Issuer or any Guarantor, and regardless of whether any Indemnitee is a party thereto.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Issuer and any Guarantor shall not assert, and 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 Note or any agreement or instrument contemplated hereby, the transactions contemplated hereby, 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 Note or the transactions contemplated hereby.

(d) Payments. All amounts due under this Section shall be payable not later than five (5) days after demand therefor.

(e) Survival. Each party's obligations under this Section shall survive the termination of the Note and payment of the obligations hereunder.

6.4 Successors and Assigns. Neither the Issuer nor any Guarantor may assign or transfer this Note or any of its rights or obligations hereunder and any purported assignment or transfer in violation of this Note shall be void. Holder may assign or participate a portion or all of its rights under this Note at any time in compliance with all Applicable Laws. This Note shall inure to the benefit of and be binding upon Issuer, any Guarantor and Holder and their permitted successors and assigns. Any Holder that assigns, or sells participations in, any portion of the Note will take such actions as are necessary for the Note and such portion to be in "registered form" (within the meaning of Treasury Regulations Section 5f.103-1).

6.5 Counterparts; Integration; Effectiveness. This Note and any amendments, waivers, consents or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between Issuer, any Guarantor and the Holder with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Note by electronic means shall be effective as delivery of a manually executed counterpart of this Note.

6.6 Severability. If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

6.7 Right of Setoff. If an Event of Default shall have occurred and be continuing, the Holder 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 the Holder, to or for the credit or the account of the Issuer against any and all of the due and unpaid Obligations of the Issuer now or hereafter existing under this Note to the Holder, irrespective of whether or not the Holder shall have made any demand under this Note. The rights of the Holder under this Section are in addition to other rights and remedies (including other rights of setoff) that the Holder may have. The Holder agrees to notify the Issuer 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.

6.8 Governing Law; Jurisdiction; Etc. This Note 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 Issuer, any Guarantor and the Holder 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 Note or the transactions contemplated hereby, and (b) that notice may be served upon the Issuer, any Guarantor or the Holder at the applicable address in Section 6.1 hereof (or upon any Holder that is not Treasury at an address provided by such Holder to Issuer in writing). To the extent permitted by Applicable Law, each of the Issuer, any Guarantor and the Holder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Note or the transactions contemplated hereby.

6.9 Headings. Section headings used herein are for convenience of reference only, are not part of this Note and shall not affect the construction of, or be taken into consideration in interpreting, this Note.

IN WITNESS WHEREOF, the Issuer and each Guarantor have executed this Note as of the day and year written below.

AMERICAN AIRLINES GROUP INC.,
as Issuer

By /s/ Meghan B. Montana

Name: Meghan B. Montana
Title: Vice President and Treasurer
Date: January 15, 2021

AMERICAN AIRLINES, INC.,
as Guarantor

By /s/ Meghan B. Montana

Name: Meghan B. Montana
Title: Vice President and Treasurer
Date: January 15, 2021

ENVOY AIR INC.,
as Guarantor

By /s/ Meghan B. Montana

Name: Meghan B. Montana
Title: Treasurer
Date: January 15, 2021

PIEDMONT AIRLINES, INC.,
as Guarantor

By /s/ Eric H. Morgan

Name: Eric H. Morgan
Title: Chief Executive Officer and President
Date: January 15, 2021

PSA AIRLINES, INC.,
as Guarantor

By /s/ Dion J. Flannery

Name: Dion J. Flannery
Title: President
Date: January 15, 2021

ANNEX A

DEFINITIONS

“Affiliate” means any Person that directly or indirectly Controls, is Controlled by, or is under common Control with, the Issuer.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable SOFR Rate” means a rate of interest based on SOFR that shall be determined by the Holder and publicly announced by the Holder on or prior to the fifth anniversary of the Closing Date and shall, to the extent reasonably practicable, be based on customary market conventions as in effect at the time of such announcement. In no event will the Applicable SOFR Rate be less than 0.00% per annum.

“ARRC Fallback Provisions” means the Fallback Language for New Issuances of LIBOR Floating Rate Notes set forth in the ARRC Recommendations Regarding More Robust Fallback Language for New Issuances of LIBOR Floating Rate Notes, dated April 25, 2019.

“ASU” means the Accounting Standards Update 2016-02, Leases (Topic 842) by the Financial Accounting Standards Board issued on February 25, 2016.

“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 Owns” and “Beneficially Owned” have a corresponding meaning.

“Business Day” means any on which Treasury and the Federal Reserve Bank of New York are both open for business.

“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 Note (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 Note (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.

“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 Issuer and its Subsidiaries, or if the Issuer is a Subsidiary of any Guarantor, such Guarantor (the “Parent Guarantor”) 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)); or (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 Issuer or Parent Guarantor, as applicable, (measured by voting power rather than number of shares), other than (i) any such transaction where the Voting Stock of the Issuer or Parent Guarantor, 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) any merger or consolidation of the Issuer or Parent Guarantor, 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).

“Closing Date” means the date set forth on the Issuer’s and each Guarantor’s signature page to this Note.

“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.

“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 interest rate on the Note plus 2.00% per annum.

“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 Note and all other Obligations that are accrued and payable), (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 days after the Maturity Date; provided that if such equity interests are issued pursuant to a plan for the benefit of employees of the Issuer 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 Issuer 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.

“Event of Default” has the meaning specified in Section 5.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Excluded Subsidiary” means any Subsidiary of the Issuer that is not an obligor in respect of any Material Indebtedness that is unsecured of the Issuer or any of its Subsidiaries, unless such Subsidiary is required to be an obligor under any agreement, instrument or other document relating to any Material Indebtedness that is unsecured of the Issuer or any of its Subsidiaries.

“GAAP” means United States generally accepted accounting principles as in effect as of the date of determination thereof. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 825-Financial Instruments, or any successor thereto (including pursuant to the FASB Accounting Standards Codification), to value any Indebtedness of any subsidiary at “fair value,” as defined therein and (b) the amount of any Indebtedness under GAAP with respect to Capitalized Lease Obligations shall be determined in accordance with the definition of Capitalized Lease Obligations.

“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 Annex B.

“Guarantor” means each Guarantor listed on the signature page to this Note and any other Person that Guarantees this Note.

“Holder” means the United States Department of the Treasury or its designees or any other Person that shall have rights pursuant to an assignment hereunder.

“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) attributable indebtedness in respect of any Capitalized Lease Obligation and any synthetic lease obligation of any Person; (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.

“Indemnitee” has the meaning specified in Section 6.3(b).

“Issuer” has the meaning specified in the preamble to this Note.

“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.

“Lien” means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, 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).

“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 Issuer and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Issuer or any Guarantor to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Issuer or any Guarantors of the Note or (iii) the rights, remedies and benefits available to, or conferred upon, the Holder under the Note.

“Material Indebtedness” has the meaning specified in Section 5.1(f).

“Maturity Date” means the date that is ten years after the Closing Date (except that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day).

“Note” has the meaning specified in the preamble to this Note.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Issuer arising under or otherwise with respect to the Note, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Issuer 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 Issuer under the Note and (b) the obligation of the Issuer to reimburse any amount in respect of any of the foregoing that the Holder, in each case in its sole discretion, may elect to pay or advance on behalf of the Issuer.

“Obligee Guarantor” has the meaning specified in Annex B.

“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.

“Permitted Business” means any business that is the same as, or reasonably related, ancillary, supportive or complementary to, the business in which the Issuer and its Subsidiaries are engaged on the date of this Note.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Principal Amount” has the meaning specified in the preamble to this Note.

“PSP Extension Law” has the meaning specified in the preamble to this Note.

“PSP2 Agreement” has the meaning specified in the preamble to this Note.

“PSP2 Application” means the application form and any related materials submitted by the Issuer to Treasury in connection with an application for financial assistance under Division N, Title IV, Subtitle A of the PSP Extension Law.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the agents, advisors and representatives of such Person and of such Person’s Affiliates.

“SOFR” means the secured overnight financing rate published by the Federal Reserve Bank of New York, as administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s (or such successor’s) website.

“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 Issuer.

“Treasury” has the meaning specified in the preamble to this Note.

“United States” and “U.S.” mean the United States of America.

“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.

ANNEX B

GUARANTEE

1. Guarantee of the Obligations. Each Guarantor jointly and severally hereby irrevocably and unconditionally guarantees to the Holder, the due and punctual payment in full of all Obligations (or such lesser amount as agreed by the Holder in its sole discretion) when the same shall become due, 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)) (collectively, the “Guaranteed Obligations”).
2. Payment by a Guarantor. Each Guarantor hereby jointly and severally agrees, in furtherance of the foregoing and not in limitation of any other right which the Holder may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Issuer to pay any of the Guaranteed Obligations when and as the same shall become due, 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 upon demand pay, or cause to be paid, in cash, to the Holder 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 Issuer’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 Issuer for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to the Holder as aforesaid.
3. 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 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 when due and not of collectability;
 - (b) the Holder may enforce this Guarantee upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Issuer and the Holder 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 Issuer or any other Guarantors and whether or not Issuer or such Guarantors are joined in any such action or actions;
 - (d) payment 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;
 - (e) the Holder, upon such terms as it deems 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 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 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 Issuer or any security for the Guaranteed Obligations; and
 - (f) this Guarantee and the obligations of each Guarantor hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following: (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 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; (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 Holder's consent to the change, reorganization or termination of the corporate structure or existence of the Issuer or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (v) any defenses, set-offs or counterclaims which the Issuer or any Guarantor may allege or assert against the Holder 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; and (vi) 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.

4. Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of the Holder: (a) any right to require the Holder, as a condition of payment or performance by such Guarantor, to (i) proceed against Issuer, any Guarantor or any other Person; (ii) proceed against or exhaust any security in favor of the Holder; or (iii) pursue any other remedy in the power of the Holder whatsoever or (b) presentment to, demand for payment from and protest to the Issuer 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.

5. 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 Issuer 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 Issuer with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that the Holder now has or may hereafter have against the Issuer, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by the Holder. 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 Holder and shall forthwith be paid over to the Holder to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

6. Subordination. Any Indebtedness of the Issuer or any Guarantor now or hereafter held by any Guarantor (the "Obligee Guarantor") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Holder and shall forthwith be paid over to the Holder 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.

7. Continuing Guarantee. This Guarantee is a continuing guarantee and shall remain in effect until all of the Guaranteed Obligations shall have been paid in full. Each Guarantor hereby irrevocably waives any right to revoke this Guarantee as to future transactions giving rise to any Guaranteed Obligations.

8. Financial Condition of the Issuer. The Note may be issued to the Issuer without notice to or authorization from any Guarantor regardless of the financial or other condition of the Issuer at the time of such grant. Each Guarantor has adequate means to obtain information from the Issuer on a continuing basis concerning the financial condition of the Issuer and its ability to perform its obligations under the Note, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Issuer and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations.

9. Reinstatement. In the event that all or any portion of the Guaranteed Obligations are paid by the Issuer 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 Holder as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

10. Discharge of Guarantee Upon Sale of the Guarantor. If, in compliance with the terms and provisions of the Note, all of the capital stock of any Guarantor that is a Subsidiary of the Issuer (other than AA, Envoy Air Inc., Piedmont Airlines, Inc. or PSA Airlines, Inc.) 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 Issuer or to any other Guarantor), 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.

Annex B-3

SCHEDULE I

Date	Current Outstanding Principal Amount	Increase or Decrease in Outstanding Principal Amount	Resulting Outstanding Principal Amount	Notation Made By

Schedule I

RESTATEMENT AGREEMENT

RESTATEMENT AGREEMENT, dated as of October 21, 2020 (this "Restatement Agreement"), to that certain Loan and Guarantee Agreement, dated as of September 25, 2020 (the "Existing Loan and Guarantee Agreement", and as amended and restated by this Restatement Agreement, and as may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee 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"), as Initial Lender and THE BANK OF NEW YORK MELLON, as Administrative Agent and as Collateral Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Loan and Guarantee Agreement.

WITNESSETH:

WHEREAS, the Parent, the Borrower, Treasury and the Agents are each party to the Existing Loan and Guarantee Agreement;

WHEREAS, the Borrower has requested that Treasury extend additional Commitments to the Borrower (the "Additional Commitments") 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") to the Borrower, and Treasury is willing to do so on the terms and conditions set forth herein;

WHEREAS, pursuant to Section 4003(h)(1) of the CARES Act, for purposes of the Code, the Loans made pursuant to the Commitments (as increased by the Additional Commitments being provided hereby) 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) of the Loan and Guarantee Agreement shall be treated as qualified stated interest;

WHEREAS, Loans made pursuant to the Commitments (as increased by the Additional Commitments being provided hereby) will be secured by Liens on the Collateral securing the existing Obligations, subject to the distribution priorities set forth in the Loan and Guarantee Agreement;

WHEREAS, pursuant to Section 11.02 of the Loan and Guarantee Agreement, the Borrower has requested amendments to the Existing Loan and Guarantee Agreement as set forth in this Restatement Agreement; and

WHEREAS, Treasury has agreed to amend the Existing Loan and Guarantee Agreement as more particularly set forth in this Restatement Agreement.

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

Section 1. Additional Commitments. Treasury hereby agrees to provide Additional Commitments to the Borrower on the Restatement Effective Date on the terms set forth herein and in the Loan and Guarantee Agreement and the other Loan Documents, and subject to

the conditions set forth below, in an aggregate principal amount, together with the Closing Date Commitment, not to exceed the amount of the Commitments as defined in the Loan and Guarantee Agreement (as amended hereby). The Additional Commitments shall be deemed to be Commitments” under and as defined in the Loan and Guarantee Agreement (as amended hereby) for all purposes of the Loan and Guarantee Agreement and the other Loan Documents, and shall be secured by the applicable Liens granted to the Collateral Agent for the benefit of the Secured Parties and entitled to the benefits of the applicable Security Documents.

Section 2. Amendments. Effective as of the Restatement Effective Date, (a) the Existing Loan and Guarantee Agreement is hereby amended and restated, in its entirety, to be in the form attached as Annex A hereto and (b) all of the other Schedules and Exhibits to the Existing Loan and Guarantee Agreement remain in the forms attached to the Existing Loan and Guarantee Agreement.

Section 3. Representations and Warranties. The Credit Parties represent and warrant to the Administrative Agent, the Collateral Agent and the Lenders as of the Restatement Effective Date that:

(a) The execution, delivery and performance by each Credit Party of this Restatement Agreement and each other 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.

(b) 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 Restatement 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 of the Loan and Guarantee Agreement.

(c) This Restatement Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Credit Party set forth on the signature pages to this Restatement Agreement. This Restatement Agreement constitutes, and each other Loan Document when so delivered will constitute, the legal, valid and binding obligation of each Credit Party hereto enforceable against such Credit Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting the creditors’ rights generally and by general principles of equity.

(d) No Default exists under the Loan and Guarantee Agreement.

(e) All representations and warranties contained in the Loan and Guarantee Agreement and the other Loan Documents are true and correct in all material respects as of the date hereof, except to the extent that (A) such representations or warranties are qualified by a materiality standard, in which case they are true and correct in all respects, and (B) such representations or warranties expressly relate to an earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date).

Section 4. Conditions Precedent to Effectiveness. The effectiveness of this Restatement Agreement and the Additional Commitments provided hereby are subject to the satisfaction (or waiver in accordance with Section 11.02 of the Loan and Guarantee Agreement) 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) (the date on which such conditions are satisfied or waived being the “Restatement Effective Date”) when:

(a) Executed Counterparts. The Initial Lender and the Agents shall have received from each Credit Party hereto a counterpart of this Restatement Agreement signed on behalf of such Credit Party. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Restatement Agreement by telecopy or other electronic means, or confirmation of the execution of this Restatement 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 Restatement 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 opinions of counsel covering the creation and perfection, or the continuing creation and perfection, of the security interests on Collateral, consistent with the opinions delivered on the Closing Date, and including substantially similar opinions with respect to any Additional Collateral) to the Credit Parties that is acceptable to the Initial Lender, addressed to the Initial Lender and the applicable Agent or Agents and dated as of the Restatement Effective 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) Expenses. The Borrower shall have paid all reasonable fees, expenses (including the reasonable 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 Restatement Effective Date); provided that such expenses payable by the Borrower may be offset against the proceeds of any Loans funded on the Restatement Effective Date.

(f) 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 Section 3 of this Restatement Agreement are true and correct on and as of the Restatement Effective 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 Sections 4(i) and (k) herein as of the Restatement Effective Date, (iv) the satisfaction of all other conditions precedent to the Restatement Effective Date described in this Section 4 and (v) that no Default or Event of Default exists or will result from the terms of this Restatement Agreement on the Restatement Effective Date.

(g) 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 Restatement 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.

(h) Lien Searches. The Initial Lender shall have received UCC, Intellectual Property and other applicable lien searches, including tax and judgment liens searches, conducted in the jurisdictions and offices where such liens on material assets of the Credit Parties are required to be filed or recorded, in each case, as of the date that such lien searches were last conducted pursuant to the Loan and Guarantee 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 Restatement Effective Date pursuant to documentation satisfactory to the Initial Lender.

(i) Collateral Coverage Ratio. On the Restatement Effective 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.

(j) 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 the Restatement Agreement, Solvent.

(k) No Material Adverse Effects. Since the Closing Date, (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 other than as would have been permitted under the Loan and Guarantee Agreement.

(l) Audits. On the Restatement Effective Date, the opinion of the independent public accountants (after giving effect to any reissuance or revision of such opinion) on the most recent audited consolidated financial statements delivered by the Parent pursuant to Section 5.01(a) of the Loan and Guarantee Agreement shall not include a “going concern” qualification under GAAP as in effect on the date of this Restatement 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

(m) Perfection of Liens on Collateral. On or prior to the Restatement Effective Date, in connection with the execution of the Pledge and Security Agreement, the Perfection Requirement (as defined in the Pledge and Security Agreement) shall have been satisfied and all of the perfection steps thereunder shall have been completed, and copies or evidence, if available, of any relevant filings, recordings and other perfection documentation shall have been provided to the Initial Lender, the Administrative Agent and the Collateral Agent.

Section 5. Miscellaneous.

(a) Fees. The Borrower shall pay all fees required to be paid to the Administrative Agent, the Collateral Agent and the Lenders and all expenses (including fees and expenses of counsel) required to be paid to the Administrative Agent, Collateral Agent and the Lenders, in each case as required by and in accordance with the terms of the Loan and Guarantee Agreement, as they are due and payable in connection with this Restatement Agreement.

(b) Continued Effectiveness. Notwithstanding anything contained herein, the terms of this Restatement Agreement shall not constitute a novation or termination of the Existing Loan and Guarantee Agreement or any other Loan Documents and are not intended to and do not serve to effect a novation or termination of the obligations outstanding under the Existing Loan and Guarantee Agreement or instruments guaranteeing or securing the same, which instruments shall remain and continue in full force and effect.

(c) Governing Law; Jurisdiction, Etc. THIS RESTATEMENT AGREEMENT 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.

(d) **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.**

(e) Entire Agreement. This Restatement Agreement, the Loan and Guarantee 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. The Borrower and the Agents hereby designate this Restatement Agreement as a Loan Document.

(f) Counterparts. This Restatement 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. Delivery of an executed counterpart of a signature page of this Restatement 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.

(g) Electronic Execution. The words “execution,” “signed,” “signature,” and words of like import in this Restatement Agreement 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.

(h) Successors and Assigns. When this Restatement Agreement has been executed by the Parent, the Borrower, the Agents and the Lenders party hereto, this Restatement Agreement shall thereafter be binding upon and inure to the benefit of the parties and their respective successors and assigns, in accordance with the terms of the Loan and Guarantee Agreement.

(i) Severability. If any provision of this Restatement 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 Restatement 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.

(j) Headings. The headings of this Restatement Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(k) Direction to Agents. The Lenders party hereto hereby authorize and direct the Administrative Agent and the Collateral Agent to execute and deliver this Restatement Agreement.

(l) Release by Credit Parties. Each Credit Party hereto hereby acknowledges and agrees that it has no actual knowledge of any defenses or claims against any Lender, the Agents, any of their respective Affiliates or any of their respective officers, directors,

employees, attorneys, representatives, predecessors, successors or assigns with respect to the Obligations, and that if such Credit Party now has, or ever did have, any defenses or claims with respect to the Obligations against any Lender, the Agents, any of the respective Affiliates or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors, or assigns, whether known or unknown, at law or in equity, from the beginning of the world through this date and through the time of effectiveness of this Restatement Agreement, all of them are hereby expressly **WAIVED**, and the Borrower hereby **RELEASES** each Lender, each Agent, their respective Affiliates and their respective officers, directors, employees, attorneys, representatives, predecessors, successors and assigns from any liability therefor.

(m) No Liability of Agents. The Agents assume no responsibility for, and shall be entitled to rely on, without any obligation to ascertain or investigate, the correctness of the recitals and statements contained herein. The Agents shall not be liable or responsible in any manner whatsoever for, or in respect of, the validity or sufficiency of this Restatement Agreement.

Section 6. Reaffirmation

(a) Each Credit Party hereto hereby consents to the execution, delivery and performance of this Restatement Agreement and agrees that each reference to “the Loan and Guarantee Agreement,” “this Agreement,” “hereunder,” “hereof” or words of like import referring to the Loan and Guarantee Agreement in the Loan Documents shall, on and after the Restatement Effective Date, be deemed to be a reference to the Loan and Guarantee Agreement, as amended and restated by this Restatement Agreement.

(b) Each Credit Party hereto hereby reaffirms all of its respective obligations and liabilities under the Loan Documents to which it is a party, as such obligations and liabilities have been amended by this Restatement Agreement, and acknowledges and agrees that such obligations and liabilities remain in full force and effect.

(c) Each Credit Party hereto hereby irrevocably and unconditionally ratifies each Loan Document to which it is a party (as such Loan Documents are amended to and including the date hereof) and ratifies and reaffirms such Credit Party’s guarantee and grant of liens and security interests under the Security Documents and confirms that the guarantees, liens and security interests granted thereunder continue to secure the Obligations, including, without limitation, any additional Obligations resulting from or incurred pursuant to the Loan and Guarantee Agreement.

(d) In furtherance of the foregoing, each Credit Party hereby grants to the Collateral Agent for the benefit of the Secured Parties a security interest in the Collateral (as defined in the Security Agreement) to secure the Secured Obligations.

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IN WITNESS WHEREOF, the undersigned have caused this Restatement Agreement to be duly executed by their duly authorized representatives, all 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

[Signature Page to Restatement Agreement – American]

UNITED STATES DEPARTMENT OF THE TREASURY, as the Initial Lender and a
Lender

By: /s/ Brent McIntosh
Name: Brent McIntosh
Title: Under Secretary for International Affairs

[Signature Page to Restatement Agreement – American]

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

[Signature Page to Restatement Agreement – American]

Form of Amended and Restated Loan and Guarantee Agreement

LOAN AND GUARANTEE AGREEMENT

dated as of

September 25, 2020,

and as amended and restated as of

October 21, 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

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 from 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 (6th) 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.

“Closing Date Commitment” means the commitment of the Initial Lender on the Closing Date to make Loans in the amount of \$5,477,000,000, as such commitment may have been reduced or terminated pursuant to Section 2.07.

“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 \$7,500,000,000 (which, for the avoidance of doubt, is an increase of the Closing Date Commitment by \$2,023,000,000, pursuant to that certain Restatement Agreement), 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)(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 depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate 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 the date that is six (6) months after June 30, 2025, 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.

“Restatement Agreement” means that certain Restatement Agreement, dated as of October 21, 2020, to this Agreement, between the Borrower, the Parent, the Guarantors party thereto from time to time, Treasury, the Administrative Agent and the Collateral Agent.

“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 1.02 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.

SECTION 1.05 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.

SECTION 2.04 [Reserved]SECTION 2.05 [Reserved]SECTION 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, if the Lender ever provides Loans in a principal amount in excess of the Closing Date Commitment, thirty (30) calendar months) 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 (or, if the Lender ever provides Loans in a principal amount in excess of the Closing Date Commitment, thirty (30) calendar months) (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 2.06 shall be accompanied by accrued interest on the principal amount prepaid as set forth in 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, (i) 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 (ii) reasonably detailed calculations in a form satisfactory to the Appropriate Party of (A) all Loyalty Program Revenues and related cash flows for the immediately preceding fiscal year and (B) projected Loyalty Program Revenues for the next two fiscal years; 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 6.05 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 (m) 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 or 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 X

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 due 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;

(a) 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;

(b) 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

(c) 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. (682) 275-9164; Email: Debt.Notifications@aa.com), 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 UST.Cares.Program@bnymellon.com);

(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 email, 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 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 _____
Name:
Title:

AMERICAN AIRLINES GROUP INC.

By _____
Name:
Title:

[Signature page to Loan and Guarantee Agreement]

|

THE BANK OF NEW YORK MELLON,
as Administrative Agent and Collateral Agent

By _____
Name:
Title:

[Signature page to Loan and Guarantee Agreement]

|

UNITED STATES DEPARTMENT OF THE TREASURY, as the Initial Lender

By _____
Name:
Title:

[Signature page to Loan and Guarantee Agreement]

|

January 15, 2021

American Airlines, Inc.
1 Skyview Drive
Fort Worth, Texas 76155

Re: Amendments to Loan and Guarantee Agreement

Reference is made to that certain Loan and Guarantee Agreement, dated as of September 25, 2020 and amended and restated pursuant to that certain Restatement Agreement, dated as of October 21, 2020 (the "Existing Loan and Guarantee Agreement"), and as amended hereby and as may be further amended, supplemented and restated or otherwise modified from time to time, the "Loan and Guarantee 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 United States Department of the Treasury ("Treasury") and The Bank of New York Mellon as Administrative Agent and Collateral Agent. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Loan and Guarantee Agreement.

WHEREAS, Pursuant to Section 11.02 of the Loan and Guarantee Agreement, the Borrower has requested amendments to the Existing Loan and Guarantee Agreement as set forth herein; and

WHEREAS, Treasury, as the Initial Lender and constituting the Required Lenders, has agreed to amend the Existing Loan and Guarantee Agreement as set forth herein.

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

1. Effective as of the date hereof, Section 1.01 of the Existing Loan and Guarantee Agreement is hereby amended by inserting the following definition, in alphabetical order:

“PSP2 Warrant Agreement” means that certain warrant agreement, dated as of January 15, 2021 between Parent and Treasury.”

2. Effective as of the date hereof, the definition of “Warrants” in Section 1.01 of the Existing Loan and Guarantee Agreement is hereby amended and restated in its entirety as follows:

“Warrants” means, collectively, those certain warrants issued to Treasury under the Warrant Agreement, the PSP Warrant Agreement or the PSP2 Warrant Agreement.”

3. Effective as of the date hereof, Section 2.07 of the Existing Loan and Guarantee Agreement is hereby amended by deleting the reference to “March 26, 2021” and replacing it with “May 28, 2021”.

4. This letter agreement shall be limited as written and nothing herein shall be deemed to constitute an amendment or waiver of any other term, provision or condition of the Loan and Guarantee Agreement or any of the other Loan Documents in any other instance than as expressly set forth herein or prejudice any right or remedy that any Lender, the Administrative Agent or the Collateral Agent may now have or may in the future have under the Loan and Guarantee Agreement or any of the other Loan Documents. For the avoidance of doubt, this letter agreement is hereby

deemed to be a Loan Document under the Loan and Guarantee Agreement. Except as herein provided, the Loan and Guarantee Agreement and the other Loan Documents shall remain unchanged and in full force and effect. This letter agreement shall not constitute a novation of the Loan and Guarantee Agreement or any other Loan Documents.

5. The Agents assume no responsibility for, and shall be entitled to rely on, without any obligation to ascertain or investigate, the correctness of the recitals and statements contained herein. The Agents shall not be liable or responsible in any manner whatsoever for, or in respect of, the validity or sufficiency of the amendments contained in this letter agreement.

6. Sections 11.06(b) (*Electronic Execution*), 11.09 (*Governing Law; Jurisdiction; Etc.*) and 11.10 (*Waiver of Jury Trial*) of the Loan and Guarantee Agreement shall apply mutatis mutandis to this letter agreement as if set out herein.

7. This letter 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. Delivery of an executed counterpart of a signature page of this letter agreement by facsimile or in electronic (e.g., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this letter agreement.

The Lenders party hereto hereby authorize and direct the Administrative Agent and the Collateral Agent to acknowledge this letter agreement.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have caused this letter agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

AMERICAN AIRLINES, INC.

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Vice President and Treasurer

AMERICAN AIRLINES GROUP INC.

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Vice President and Treasurer

[Signature Page to Letter Agreement – American]

UNITED STATES DEPARTMENT OF THE TREASURY, as the Initial Lender and a Lender

By: /s/ Brent McIntosh
Name: Brent McIntosh
Title: Under Secretary for International Affairs

[Signature Page to Letter Agreement – American]

Acknowledged:

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

[Signature Page to Letter Agreement – American]

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.

A320 FAMILY AIRCRAFT
PURCHASE AGREEMENT
BETWEEN
AIRBUS S.A.S.
as Seller
AND
AMERICAN AIRLINES, INC.
as Buyer

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Exhibit C-4 INTERNATIONAL AERO ENGINES PROPULSION SYSTEM PRICE REVISION
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Exhibit D FORM OF CERTIFICATE OF ACCEPTANCE

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Exhibit F SERVICE LIFE POLICY – LIST OF ITEMS

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SCHEDULES

Schedule I DELIVERY SCHEDULE

A320 FAMILY AIRCRAFT PURCHASE AGREEMENT

This A320 Family Aircraft Purchase Agreement is made July 20, 2011

between

AIRBUS S.A.S., a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, United States of America (the “**Buyer**”).

WHEREAS, subject to the terms and conditions of this Agreement, the Seller desires to sell the Aircraft to the Buyer or the Lessor, and the Buyer desires to purchase or lease the Aircraft from the Seller or the Lessor, respectively.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

0 DEFINITIONS

For all purposes of this Agreement (defined below), except as otherwise expressly provided, the following terms will have the following meanings:

A319 Aircraft – any or all of the A319-100 model aircraft sold by the Seller and purchased by the Buyer or sold by the Seller to the Lessor and leased to the Buyer pursuant to this Agreement, including the A319 Airframe and all components, equipment, parts and accessories installed in or on such aircraft and the applicable A319 Propulsion System installed thereon upon Delivery.

A319 Airframe – any A319 Aircraft, excluding the A319 Propulsion System therefor.

A319 NEO Aircraft – any or all of the A319-100 model aircraft incorporating the New Engine Option sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A319 NEO Airframe and all components, equipment, parts and accessories installed in or on such aircraft and the applicable A319 NEO Propulsion System installed thereon upon Delivery.

A319 NEO Airframe – any A319 NEO Aircraft, excluding the A319 NEO Propulsion System therefor.

A319 NEO Group 1 Aircraft – any or all of the A319 NEO Aircraft for which the Buyer has selected a LEAP-X Propulsion System pursuant to Clause 2.3.

A319 NEO Group 1 Airframe – any A319 NEO Group 1 Aircraft, excluding the A319 NEO Propulsion System therefor.

A319 NEO Group 2 Aircraft – any or all of the A319 NEO Aircraft other than the A319 NEO Group 1 Aircraft.

A319 NEO Group 2 Airframe – any A319 NEO Group 2 Aircraft, excluding the A319 NEO Propulsion System therefor.

A319 NEO Propulsion System – as defined in Clause 2.4.4.

A319 Propulsion System – as defined in Clause 2.4.1.

A319 Specification – either (a) the A319 Standard Specification if no SCNs or MSCNs are applicable or (b) if SCNs or MSCNs are issued or deemed issued, the A319 Standard Specification as amended by all applicable SCNs and MSCNs.

A319 Standard Specification – the A319 standard specification document number J.000.01000, Issue 7, dated June 20, 2011, which includes a maximum take-off weight (MTOW) of 166,449 pounds, a maximum landing weight (MLW) of 137,789 pounds and a maximum zero fuel weight (MZFW) of 128,970 pounds, a copy of which is annexed hereto as Exhibit A-1.

A320 Aircraft – any or all of the A320-200 model aircraft sold by the Seller and purchased by the Buyer or sold by the Seller to the Lessor and leased to the Buyer pursuant to this Agreement, including the A320 Airframe and all components, equipment, parts and accessories installed in or on such aircraft and the applicable A320 Propulsion System installed thereon upon Delivery.

A320 Airframe – any A320 Aircraft, excluding the A320 Propulsion System therefor.

A320 Family Aircraft – any or all of the A319 Aircraft, the A320 Aircraft and the A321 Aircraft.

A320 Family Base Period – as defined in Clause 3.1.1.1.

A320 Family NEO Aircraft – any or all of the A319 NEO Aircraft, the A320 NEO Aircraft and the A321 NEO Aircraft.

A320 Family NEO Base Period – as defined in Clause 3.1.1.4.

A320 NEO Aircraft – any or all of the A320-200 model aircraft incorporating the New Engine Option sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A320 NEO Airframe and all components, equipment, parts and accessories installed in or on such aircraft and the applicable A320 NEO Propulsion System installed thereon upon Delivery.

A320 NEO Airframe – any A320 NEO Aircraft, excluding the A320 NEO Propulsion System therefor.

A320 NEO Group 1 Aircraft – any or all of the A320 NEO Aircraft for which the Buyer has selected a LEAP-X Propulsion System pursuant to Clause 2.3.

A320 NEO Group 1 Airframe – any A320 NEO Group 1 Aircraft, excluding the A320 NEO Propulsion System therefor.

A320 NEO Group 2 Aircraft – any or all of the A320 NEO Aircraft other than the A320 NEO Group 1 Aircraft.

A320 NEO Group 2 Airframe – any A320 NEO Group 2 Aircraft, excluding the A320 NEO Propulsion System therefor.

A320 NEO Propulsion System – as defined in Clause 2.4.5.

A320 Propulsion System – as defined in Clause 2.4.2.

A320 Specification – either (a) the A320 Standard Specification if no SCNs or MSCNs are applicable or (b) if SCNs or MSCNs are issued or deemed issued, the A320 Standard Specification as amended by all applicable SCNs and MSCNs.

A320 Standard Specification – the A320 standard specification document number D.000.02000, Issue 8, dated June 20, 2011, which includes a maximum take-off weight (MTOW) of 171,960 pounds, a maximum landing weight (MLW) of 145,505 pounds and a maximum zero fuel weight (MZFW) of 137,789 pounds, a copy of which is annexed hereto as Exhibit A-2.

A321 Aircraft – any or all of the A321-200 model aircraft sold by the Seller and purchased by the Buyer or sold by the Seller to the Lessor and leased to the Buyer pursuant to this Agreement, including the A321 Airframe and all components, equipment, parts and accessories installed in or on such aircraft and the applicable A321 Propulsion System installed thereon upon Delivery.

A321 Airframe – any A321 Aircraft, excluding the A321 Propulsion System therefor.

A321 NEO Aircraft – any or all of the A321-200 model aircraft incorporating the New Engine Option sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A321 NEO Airframe and all components, equipment, parts and accessories installed in or on such aircraft and the applicable A321 NEO Propulsion System installed thereon upon Delivery.

A321 NEO Airframe – any A321 NEO Aircraft, excluding the A321 NEO Propulsion System therefor.

A321 NEO Group 1 Aircraft – any or all of the A321 NEO Aircraft for which the Buyer has selected a LEAP-X Propulsion System pursuant to Clause 2.3.

A321 NEO Group 1 Airframe – any A321 NEO Group 1 Aircraft, excluding the A321 NEO Propulsion System therefor.

A321 NEO Group 2 Aircraft – any or all of the A321 NEO Aircraft other than the A321 NEO Group 1 Aircraft.

A321 NEO Group 2 Airframe – any A321 NEO Group 2 Aircraft, excluding the A321 NEO Propulsion System therefor.

A321 NEO Propulsion System – as defined in Clause 2.4.6.

A321 Propulsion System – as defined in Clause 2.4.3.

A321 Specification – either (a) the A321 Standard Specification if no SCNs or MSCNs are applicable or (b) if SCNs or MSCNs are issued or deemed issued, the A321 Standard Specification as amended by all applicable SCNs and MSCNs.

A321 Standard Specification – the A321 standard specification document number E.000.02000, Issue 5, dated June 20, 2011, which includes a maximum take-off weight (MTOW) of 206,132 pounds, a maximum landing weight (MLW) of 171,519 pounds and a maximum zero fuel weight (MZFW) of 162,701 pounds and the installation of two (2) auxiliary center tanks, a copy of which is annexed hereto as Exhibit A-3.

AACS – Airbus Americas Customer Services, Inc., a corporation organized and existing under the laws of Delaware, having its registered office located at 198 Van Buren Street, Suite 300, Herndon, VA 20170, or any successor thereto.

Affiliate – with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with such person or entity. For purposes of this definition, “control” when used with respect to any person or entity, means the power to direct the management and policies of such person or entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

Agreement – this A320 family aircraft purchase agreement, including all letter agreements listed on Exhibit I and all exhibits, appendices and schedules attached hereto, as the same may be amended or modified and in effect from time to time.

AirbusWorld – as defined in Clause 14.5.4.

Aircraft – any or all of the one hundred thirty (130) firm A320 Family Aircraft and one hundred thirty (130) firm A320 Family NEO Aircraft for which the delivery schedule is set forth in Schedule I as of the date hereof and any other A320 Family Aircraft and A320 Family NEO Aircraft to be sold by the Seller

and purchased by the Buyer (or, in the case of the A320 Family Aircraft, leased by the Buyer from the Lessor) pursuant to this Agreement, including the Airframe and all components, equipment, parts and accessories installed in or on such aircraft and the Propulsion System installed thereon upon Delivery.

Aircraft Training Services – all flight support services including but not limited to any and all training courses, flight training, flight assistance, line training, line assistance and more generally all flights of any kind performed by the Seller, its agents, employees or subcontractors, and maintenance support, maintenance training (including Practical Training), training support of any kind performed on aircraft and provided to the Buyer pursuant to this Agreement.

Airframe – any Aircraft, excluding the Propulsion System therefor.

ATA Specification – recommended specifications developed by the Air Transport Association of America reflecting consensus in the commercial Aviation industry on accepted means of communicating information, conducting business, performing operations and adhering to accepted practices.

Aviation Authority – when used with respect to any jurisdiction, the government entity that, under the laws of such jurisdiction, has control over civil aviation or the registration, airworthiness or operation of civil aircraft in such jurisdiction.

Balance of the Final Price – as defined in Clause 5.4.

Base Price – for any Aircraft, as defined in Clause 3.1.

Base Price of the A319 Airframe – as defined in Clause 3.1.1.1.

Base Price of the A320 Airframe – as defined in Clause 3.1.1.2.

Base Price of the A321 Airframe – as defined in Clause 3.1.1.3.

Base Price of the A319 NEO Group 1 Airframe – as defined in Clause 3.1.1.4.

Base Price of the A319 NEO Group 2 Airframe – as defined in Clause 3.1.1.5.

Base Price of the A320 NEO Group 1 Airframe – as defined in Clause 3.1.1.6.

Base Price of the A320 NEO Group 2 Airframe – as defined in Clause 3.1.1.7.

Base Price of the A321 NEO Group 1 Airframe – as defined in Clause 3.1.1.8.

Base Price of the A321 NEO Group 2 Airframe – as defined in Clause 3.1.1.9.

Base Price of the Airframe – the Base Price of the A319 Airframe, the Base Price of the A320 Airframe, the Base Price of the A321 Airframe, the Base Price of the A319 NEO Group 1 Airframe, the Base Price of the A319 NEO Group 2 Airframe, the Base Price of the A320 NEO Group 1 Airframe, the Base Price of the A320 NEO Group 2 Airframe, the Base Price of the A321 NEO Group 1 Airframe and the Base Price of the A321 NEO Group 2 Airframe, as applicable.

Base Price of the Propulsion System – the Engine A Base Price, the Engine B Base Price, the Engine C Base Price, the Engine D Base Price, the Engine E Base Price, the Engine F Base Price, the Engine G Base Price, the Engine H Base Price, the Engine I Base Price, the Engine J Base Price, the Engine K Base Price, or the Engine L Base Price, as applicable.

Business Day – with respect to any action to be taken hereunder, a day other than a Saturday, Sunday or other day on which commercial banks in the jurisdiction where such action is required to be taken are authorized or required by law to close.

Buyer Furnished Equipment or BFE – as defined in Clause 18.1.1.

Certificate of Acceptance – as defined in Clause 8.3.

CFM – CFM International.

Corrected Part – as defined in Clause 12.1.9.

Correction – as defined in Clause 12.1.4.1.

Custom Duty – as defined in Clause 18.1.6.

Customization Milestone Chart – as defined in Clause 2.4.1.

DAP – as defined in Clause 14.5.2.

Declaration of Design and Performance or DDP – the documentation provided by an equipment manufacturer guaranteeing that the corresponding equipment meets the requirements of the Specification, the interface documentation and all relevant certification requirements.

Delivery – with respect to any Aircraft, the transfer of title to such Aircraft from the Seller to the Buyer (or, with respect to any Leased Aircraft, the Lessor) in accordance with Clause 9.

Delivery Date – the date the Delivery occurs.

Delivery Location – the facilities of the Seller at the location of final assembly of the Aircraft, which will be located in Hamburg, Germany, Toulouse, France or another location mutually agreed by the Buyer and the Seller in writing.

Development Changes – as defined in Clause 2.2.2.

Dispute Resolution Process – as defined in Clause 12.1.6.1.

EASA – the European Aviation Safety Agency or any successor thereto.

End-User License Agreement for Airbus Software – as defined in Clause 14.10.4.

Engine A Base Price – as defined in Clause 3.1.2.1.

Engine A Reference Price – as defined in Clause 3.1.2.1.

Engine B Base Price – as defined in Clause 3.1.2.2.

Engine B Reference Price – as defined in Clause 3.1.2.2.

Engine C Base Price – as defined in Clause 3.1.2.3.

Engine C Reference Price – as defined in Clause 3.1.2.3.

Engine D Base Price – as defined in Clause 3.1.2.4.

Engine D Reference Price – as defined in Clause 3.1.2.4.

Engine E Base Price – as defined in Clause 3.1.2.5.

Engine E Reference Price – as defined in Clause 3.1.2.5.

Engine F Base Price – as defined in Clause 3.1.2.6.

Engine F Reference Price – as defined in Clause 3.1.2.6.

Engine G Base Price – as defined in Clause 3.1.2.7.

Engine G Reference Price – as defined in Clause 3.1.2.7.

Engine H Base Price – as defined in Clause 3.1.2.8.

Engine H Reference Price – as defined in Clause 3.1.2.8.

Engine I Base Price – as defined in Clause 3.1.2.9.

Engine I Reference Price – as defined in Clause 3.1.2.9.

Engine J Base Price – as defined in Clause 3.1.2.10.

Engine J Reference Price – as defined in Clause 3.1.2.10.

Engine K Base Price – as defined in Clause 3.1.2.11.

Engine K Reference Price – as defined in Clause 3.1.2.11.

Engine L Base Price – as defined in Clause 3.1.2.12.

Engine L Reference Price – as defined in Clause 3.1.2.12.

Excusable Delay – as defined in Clause 10.1.

Export Certificate of Airworthiness – an export certificate of airworthiness issued by the Aviation Authority of the Delivery Location.

FAA – the U.S. Federal Aviation Administration, or any successor thereto.

Final Price – as defined in Clause 3.2.

First Quarter or 1st Quarter – January, February and March of any given calendar year.

Fourth Quarter or 4th Quarter – October, November and December of any given calendar year.

General Terms and Conditions of Access to and Use of AirbusWorld or GTC – as defined in Clause 14.11.3.

Goods and Services – any goods, excluding Aircraft, and services that may be purchased by the Buyer from the Seller or Affiliates of the Seller controlled by the Seller.

Indemnified Airframe – as defined in Clause 13.1.1.

Inexcusable Delay – as defined in Clause 11.1.

IAE – International Aero Engines.

Independent Party – as defined in Clause 12.1.6.1.

Irrevocable SCNs – the list of SCNs set forth in Exhibits A-5, A-6 and A-7 that are irrevocably part of the A320 Family NEO Aircraft, as applicable.

Leased Aircraft – any or all of the one hundred thirty (130) firm A320 Family Aircraft for which the delivery schedule is set forth in Schedule I as of the date hereof that are to be leased by the Buyer from the Lessor pursuant to this Agreement.

Lessor – an owner trust, the owner participant of which is (a) Seller (or any Affiliate of Seller); (b) a third party lessor designated by Seller; (c) a special purpose company established by either of the parties referred to in (a) or (b) for the purposes of leasing one or more Leased Aircraft to Buyer; or (d) such other entity as may be agreed by Seller and Buyer.

Liable Party – as defined in Clause 5.5.4.

LIBOR – the rate for deposits in US dollars for a period of one month which appears on the Reuters Screen LIBOR01 Page as of 11:00 A.M., London time, as of the date such amounts came due. If such rate does not appear on the Reuters Screen LIBOR01 Page, the rate will be determined on the basis of the rates at which deposits in US dollars are offered by the principal London offices of the Reference Banks at approximately 11:00 A.M. time, London to prime banks in the London interbank market for a period of one month commencing on the date such amounts came due and in an amount of US\$ 10,000,000 (US dollars – ten million). Seller will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for such date of determination will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Seller, at approximately 11:00 A.M., New York City time, on such date for loans in US dollars to leading European banks for a period of one month commencing on such date and in an amount of US\$ 10,000,000 (US dollars – ten million).

Manufacture Facilities – the various facilities of the Seller, its Affiliates or any subcontractor, where the Airframe or its parts are manufactured or assembled.

Manufacturer Specification Change Notice or MSCN – as defined in Clause 2.2.2.1.

Master Charge Engine – in respect of the A319 NEO Group 1 Aircraft, as set forth in Clause 3.1.1.4(iv); in respect of the A320 NEO Group 1 Aircraft, as set forth in Clause 3.1.1.6(iv); and in respect of the A321 NEO Group 1 Aircraft, as set forth in Clause 3.1.1.8(iv).

New Engine Option or NEO – as defined in Clause 2.1.2.1.

P&W – Pratt & Whitney.

Predelivery Payment – any of the payments determined in accordance with Clause 5.3.

Predelivery Payment Reference Price – as defined in Clause 5.3.2.

Propulsion System – any A319 Propulsion System, A320 Propulsion System, A321 Propulsion System, A319 NEO Propulsion System, A320 NEO Propulsion System or A321 NEO Propulsion System, as applicable.

Propulsion System Manufacturer – CFM, IAE and P&W, as applicable.

Propulsion System Price Revision Formula – for any Propulsion System, the applicable price revision formula as set forth in Exhibit C-3, C-4 or C-5.

Propulsion System Reference Price – the Engine A Reference Price, the Engine B Reference Price, the Engine C Reference Price, the Engine D Reference Price, the Engine E Reference Price, the Engine F Reference Price, the Engine G Reference Price, the Engine H Reference Price, the Engine I Reference Price, the Engine J Reference Price, the Engine K Reference Price, or the Engine L Reference Price, as applicable.

Purchase Aircraft – any or all of the one hundred thirty (130) firm A320 Family NEO Aircraft for which the delivery schedule is set forth in Schedule I as of the date of this Agreement to be sold by the Seller and purchased by the Buyer pursuant to this Agreement.

Quarter – the First Quarter, Second Quarter, Third Quarter or Fourth Quarter.

Ready for Delivery – with respect to any Aircraft, when (i) the Technical Acceptance Process has been successfully completed for such Aircraft and (ii) such Aircraft is eligible to receive an Export Certificate of Airworthiness.

Receiving Party – as defined in Clause 5.5.4.

Reference Banks – Citibank, JP Morgan Chase Bank, Deutsche Bank, and such other or additional banking institutions as may be designated from time to time by mutual agreement of the Seller and the Buyer.

Scheduled Delivery Month – as defined in Clause 9.1.

Scheduled Delivery Quarter – as defined in Clause 9.1.

Second Quarter or 2nd Quarter – April, May and June of any given calendar year.

Seller Price Revision Formula 2010 – the price revision formula set forth in Exhibit C-2.

Seller Price Revision Formula 2011 – the price revision formula set forth in Exhibit C-1.

Seller Price Revision Formula – the Seller Price Revision Formula 2010 or the Seller Price Revision Formula 2011, as applicable.

Seller Representative – as defined in Clause 15.1.1.

Seller Service Life Policy – as defined in Clause 12.2.

Sharklets – a new large wingtip device, currently under development by the Seller, designed to enhance the eco-efficiency and payload range performance of the A320 Family Aircraft, and which are part of the New Engine Option and corresponding Irrevocable SCNs.

Specification – the A319 Specification, the A320 Specification or the A321 Specification, as applicable.

Specification Change Notice or SCN – as defined in Clause 2.2.1.

Standard Specification – the A319 Standard Specification, the A320 Standard Specification or the A321 Standard Specification, as applicable.

Supplier – as defined in Clause 12.3.1.1.

Supplier Part – as defined in Clause 12.3.1.2.

Supplier Product Support Agreement – as defined in Clause 12.3.1.3.

Taxes – as defined in Clause 5.5.5.

Technical Data – as defined in Clause 14.1.

Third Quarter or 3rd Quarter – July, August and September of any given calendar year.

Total Loss – as defined in Clause 10.4.

Training Conference – as defined in Clause 16.1.3.

Type Certificate – as defined in Clause 7.1.

Warranted Part – as defined in Clause 12.1.1.

Warranty Beneficiary – the Buyer; and, with reference herein to any Aircraft that is subject to an assignment pursuant to Clause 21.5 or Clause 21.6, the applicable purchaser or lessee.

Warranty Claim – as defined in Clause 12.1.5.

The definition of a singular in this Clause 0 will apply to the plural of the same word.

Except where otherwise indicated, references in this Agreement to an exhibit, schedule, article, section, subsection or clause refer to the appropriate exhibit or schedule to, or article, section, subsection or clause in this Agreement.

Each agreement defined in this Clause 0 will include all appendixes, exhibits and schedules thereto. If the prior written consent of any person is required hereunder for an amendment, restatement, supplement or other modification to any such agreement and the consent of each such person is obtained, references in this Agreement to such agreement will be to such agreement as so amended, restated, supplemented or modified.

References in this Agreement to any statute will be to such statute as amended or modified and in effect at the time any such reference is operative.

The term "including" when used in this Agreement means "including without limitation" except when used in the computation of time periods.

Technical and trade terms not otherwise defined herein will have the meanings assigned to them as generally accepted in the aircraft manufacturing industry.

1 SALE AND PURCHASE; LEASE

The Seller will sell and deliver the Purchase Aircraft to the Buyer, and the Buyer will purchase and take delivery of the Purchase Aircraft from the Seller, subject to the terms and conditions contained in this Agreement. The Seller will sell, or transfer, and deliver the Leased Aircraft to the Lessor, and, subject to the terms and conditions contained in this Agreement, the Buyer will lease from and take delivery of the Leased Aircraft from the Lessor.

2 SPECIFICATION

2.1 Aircraft Specification

Each Aircraft will be manufactured in accordance with the Standard Specification applicable to such Aircraft, as modified or varied prior to the date of this Agreement by the Specification Change Notices listed in Exhibits A-2 through A-7.

2.1.1 New Engine Option

2.1.1.1 The Seller is currently developing a new engine option (the “**New Engine Option**” or “**NEO**”) that will be applicable to the A319-100, A320-200 and A321-200 model aircraft. The specification of the A320 Family NEO Aircraft will be derived from the relevant Standard Specification and will include (i) as applicable, the Propulsion Systems set forth in Clauses 2.3.4, 2.3.5 and 2.3.6 below, (ii) Sharklets, (iii) airframe structural adaptations, and (iv) Aircraft systems and software adaptations required to operate A320 Family NEO Aircraft. The foregoing is currently reflected in the Irrevocable SCNs, the implementation of which is hereby irrevocably accepted by the Buyer.

2.1.1.2 The Irrevocable SCNs include a modification to the design weights of the Standard Specifications as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

It is agreed and understood that the above design weights may be updated upon final NEO specification freeze.

2.2 Specification Amendment

The parties understand and agree that any Specification may be further amended following the execution and delivery by the parties of this Agreement in accordance with the terms of this Clause 2.

2.2.1 Specification Change Notice

Any Specification may be amended by written agreement between the parties substantially in the form set out in Exhibit B-1 (each, a “**Specification Change Notice**” or “**SCN**”) and will set out the SCN’s Aircraft embodiment rank and will also set forth, in detail, the particular change to be made to any Specification and the effect, if any, of such change on design, performance, weight, Delivery Date of the Aircraft affected thereby and on the text of any Specification. An SCN may result in an adjustment of the Base Price of the Aircraft, which adjustment, if any, will be specified in the SCN. In addition, at the request of the Buyer, the Seller will provide to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Approval of SCNs by the Seller will not be unreasonably withheld, conditioned or delayed.

2.2.2 Development Changes

Any Specification may also be amended to incorporate changes deemed necessary by the Seller to improve the Aircraft that is the subject of such Specification, prevent delay or ensure compliance with this Agreement (“**Development Changes**”), as set forth in this Clause 2.

2.2.2.1 Manufacturer Specification Changes Notices

Any Specification may be amended by the Seller through a Manufacturer Specification Change Notice (“**MSCN**”), which will be substantially in the form set out in Exhibit B-2 hereto and will set out the MSCN’s Aircraft embodiment rank as well as, in detail, the particular Development Change to be made to such Specification and the effect, if any, of such Development Change on performance, weight, Base Price of the Aircraft, Delivery Date of the Aircraft affected thereby and interchangeability or replaceability requirements under the Specification. In addition, at the request of the Buyer, the Seller will provide to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Seller will promptly notify the Buyer in writing of any MSCN applicable to the Aircraft, and such notice will describe the reason for making such amendment and the revised Specification. Except when the MSCN is necessitated by an Aviation Authority directive or by equipment obsolescence, in which case the MSCN will be implemented without requiring the Buyer’s consent, if the MSCN adversely affects the performance, weight, Base Price of the Aircraft affected thereby, Delivery Date of the Aircraft affected thereby or the interchangeability or replaceability requirements under the applicable Specification, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

For the purposes of Clause 2.2.2.1, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2.2.2 If the Seller revises any Specification to incorporate Development Changes that have no adverse effect on any of the elements identified in Clause 2.2.2.1 above, such Development Change will be performed by the Seller without the Buyer’s consent.

2.2.2.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3 The Buyer will on a regular basis have access to the details of all SCNs, Development Changes and MSCNs related to Aircraft that are subject to this Agreement through the relevant application in AirbusWorld.

2.4 Propulsion System

- 2.4.1 Each A319 Airframe will be equipped with a set of two CFM International CFM56-5B6/3 engines or International Aero Engines V2524-A5 engines (such set, upon selection, an “**A319 Propulsion System**”).
- 2.4.2 Each A320 Airframe will be equipped with a set of two CFM International CFM56-5B4/3 engines or International Aero Engines V2527-A5 engines (such set, upon selection, an “**A320 Propulsion System**”).
- 2.4.3 Each A321 Airframe will be equipped with a set of two CFM International CFM56-5B3/3 engines or International Aero Engines V2533-A5 engines (such set, upon selection, an “**A321 Propulsion System**”).
- 2.4.4 Each A319 NEO Airframe will be equipped with a set of two CFM International LEAP-X1A24 engines or Pratt & Whitney PW1124G engines (such set, upon selection, an “**A319 NEO Propulsion System**”).
- 2.4.5 Each A320 NEO Airframe will be equipped with a set of two CFM International LEAP-X1A26 engines or Pratt & Whitney PW1127G engines (such set, upon selection, an “**A320 NEO Propulsion System**”).
- 2.4.6 Each A321 NEO Airframe will be equipped with a set of two CFM International LEAP-X1A32 engines or Pratt & Whitney PW1133G engines (such set, upon selection, an “**A321 NEO Propulsion System**”).
- 2.4.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.5 Milestones

2.5.1 Customization Milestones Chart

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the Seller will provide the Buyer with a customization milestone chart (the “**Customization Milestone Chart**”), setting out how far in advance of the Scheduled Delivery Month or Scheduled Delivery Quarter, as applicable, of each Aircraft an SCN is required to be executed in order to integrate into the applicable Specification any items requested by the Buyer from the Seller’s catalogs of Specification change options or from sources other than the Seller’s catalogs of Specification change options.

2.5.2 Contractual Definition Freeze

The Customization Milestone Chart will specify the date(s) by which the contractual definition of each Aircraft is required to be finalized and all SCNs are required to have been executed by the Buyer in order to enable the incorporation of such SCNs into the manufacturing of such Aircraft and Delivery of such Aircraft in the Scheduled Delivery Month or Scheduled Delivery Quarter, as applicable.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] pursuant to the Customization Milestone Chart.

3 PRICE

3.1 Base Price of the Aircraft

The “**Base Price**” of each Aircraft is the sum of:

- (i) the applicable Base Price of the Airframe, and
- (ii) the applicable Base Price of the Propulsion System.

3.1.1 Base Price of the Airframe

3.1.1.1 Base Price of the A319 Airframe

The “**Base Price of the A319 Airframe**” is the sum of the following base prices:

- (i) the base price of the A319 Airframe as defined in the A319 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) the sum of the base prices of any and all SCNs set forth in Exhibit A-2 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1.2 Base Price of the A320 Airframe

The “**Base Price of the A320 Airframe**” is the sum of the following base prices:

- (i) the base price of the A320 Airframe as defined in the A320 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) the sum of the base prices of any and all SCNs set forth in Exhibit A-3 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1.3 Base Price of the A321 Airframe

The “**Base Price of the A321 Airframe**” is the sum of the following base prices:

- (i) the base price of the A321 Airframe as defined in the A321 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) the sum of the base prices of any and all SCNs set forth in Exhibit A-4 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1.4 Base Price of the A319 NEO Group 1 Airframe

The “**Base Price of the A319 NEO Group 1 Airframe**” is the sum of the following base prices:

- (i) the base price of the A319 NEO Airframe as defined in the A319 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) the sum of the base prices of any and all SCNs (other than Irrevocable SCNs to the extent included in clause (iii) below) set forth in Exhibit A-5 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (iii) the sum of the base prices of the Irrevocable SCNs set forth in Exhibit A-5 is the sum of:

- (a) the base price of the New Engine Option is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(b) the base price of the Sharklets is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iv) the base price of the Master Charge Engine is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1.5 Base Price of the A319 NEO Group 2 Airframe

The “**Base Price of the A319 NEO Group 2 Airframe**” is the sum of the following base prices:

(i) the base price of the A319 NEO Airframe as defined in the A319 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) the sum of the base prices of any and all SCNs (other than Irrevocable SCNs to the extent included in clause (iii) below) set forth in Exhibit A-5 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) the sum of the base prices of the Irrevocable SCNs set forth in Exhibit A-5 is the sum of:

(a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1.6 Base Price of the A320 NEO Group 1 Airframe

The “**Base Price of the A320 NEO Group 1 Airframe**” is the sum of the following base prices:

- (i) the base price of the A320 NEO Airframe as defined in the A320 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) the sum of the base prices of any and all SCNs (other than Irrevocable SCNs to the extent included in clause (iii) below) set forth in Exhibit A-6 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (iii) the sum of the base prices of the Irrevocable SCNs set forth in Exhibit A-6 is the sum of:

- (a) the base price of the New Engine Option is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (b) the base price of the Sharklets is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (iv) the base prices of the Master Charge Engine is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1.7 Base Price of the A320 NEO Group 2 Airframe

The “**Base Price of the A320 NEO Group 2 Airframe**” is the sum of the following base prices:

- (i) the base price of the A320 NEO Airframe as defined in the A320 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) the sum of the base prices of any and all SCNs (other than Irrevocable SCNs to the extent included in clause (iii) below) set forth in Exhibit A-6 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (iii) the sum of the base prices of the Irrevocable SCNs set forth in Exhibit A-6 is the sum of:
 - (a) the base price of the New Engine Option is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (b) the base price of the Sharklets is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1.8 Base Price of the A321 NEO Group 1 Airframe

The “**Base Price of the A321 NEO Group 1 Airframe**” is the sum of the following base prices:

- (i) the base price of the A321 NEO Airframe as defined in the A321 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) the sum of the base prices of any and all SCNs (other than Irrevocable SCNs to the extent included in clause (iii) below) set forth in Exhibit A-7 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (iii) the sum of the Irrevocable SCNs set forth in Exhibit A-7 is the sum of:
 - (a) the base price of the New Engine Option is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(b) the base price of the Sharklets is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iv) the base price of the Master Charge Engine at delivery conditions prevailing in January 2010 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1.9 Base Price of the A321 NEO Group 2 Airframe

The “**Base Price of the A321 NEO Group 2 Airframe**” is the sum of the following base prices:

(i) the base price of the A321 NEO Airframe as defined in the A321 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) the sum of the base prices of any and all SCNs (other than Irrevocable SCNs the extent included in clause (iii) below) set forth in Exhibit A-7 is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) the sum of the Irrevocable SCNs set forth in Exhibit A-7 is the sum of:

(a) the base price of the New Engine Option is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(b) the base price of the Sharklets is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2 Base Price of Propulsion System

3.1.2.1 The base price (the “**Engine A Base Price**”) of a set of two (2) CFM International CFM56-5B6/3 engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2011 and has been calculated from the reference price (the “**Engine A Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.2 The base price (the “**Engine B Base Price**”) of a set of two (2) CFM International CFM56-5B4/3 engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2011 and has been calculated from the reference price (the “**Engine B Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.3 The base price (the “**Engine C Base Price**”) of a set of two (2) CFM International CFM56-5B3/3 engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2011 and has been calculated from the reference price (the “**Engine C Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.4 The base price (the “**Engine D Base Price**”) of a set of two (2) International Aero Engines V2524-A5 engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2011 and has been calculated from the reference price (the “**Engine D Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.5 The base price (the “**Engine E Base Price**”) of a set of two (2) International Aero Engines V2527-A5 engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2011 and has been calculated from the reference price (the “**Engine E Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.6 The base price (the “**Engine F Base Price**”) of a set of two (2) International Aero Engines V2533-A5 engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2011 and has been calculated from the reference price (the “**Engine F Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.7 The base price (the “**Engine G Base Price**”) of a set of two (2) CFM International LEAP-X1A24 engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine G Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.8 The base price (the “**Engine H Base Price**”) of a set of two (2) CFM International LEAP-X1A26 engines:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine H Reference Price**”) is indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.9 The base price (the “**Engine I Base Price**”) of a set of two (2) CFM International LEAP-X1A32 engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine I Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.10 The base price (the “**Engine J Base Price**”) of a set of two (2) Pratt & Whitney PW1124G engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine J Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.11 The base price (the “**Engine K Base Price**”) of a set of two (2) Pratt & Whitney PW1127G engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine K Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2.12 The base price (the “**Engine L Base Price**”) of a set of two (2) Pratt & Whitney PW1133G engines is:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine L Reference Price**”) indicated by the Propulsion System Manufacturer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Final Price of the Aircraft

The “**Final Price**” of each Aircraft will be the sum of:

- (i) the applicable Base Price of the Airframe, as adjusted to the applicable Delivery Date of such Aircraft in accordance with Clause 4.1;
- (ii) the aggregate of all increases or decreases to the applicable Base Price of the Airframe as agreed in any Specification Change Notice, Manufacturer Specification Change Notice, or part thereof applicable to such Airframe subsequent to the date of this Agreement as adjusted to the Delivery Date of such Aircraft in accordance with Clause 4.1;
- (iii) the Propulsion System Reference Price for the Propulsion System for such Aircraft, adjusted to the Delivery Date in accordance with Clause 4.2;
- (iv) the aggregate of all increases or decreases of such Propulsion System Reference Price as agreed in any Specification Change Notice or part thereof applicable to such Propulsion System subsequent to the date of this Agreement as adjusted to the Delivery Date in accordance with Clause 4.2;
- (v) any other amount resulting from any other provisions of this Agreement and/or any other written agreement between the Buyer and the Seller relating to such Aircraft.

4 PRICE REVISION

4.1 Seller Price Revision Formula

For each Airframe, the Base Price of the Airframe is subject to revision up to and including the applicable month of Delivery in accordance with the Seller Price Revision Formula.

4.2 Propulsion System Price Revision

4.2.1 The Propulsion System Reference Price applicable to any Propulsion System is subject to revision up to and including the applicable Delivery Date in accordance with the applicable Propulsion System Price Revision Formula.

4.2.2 The Propulsion System Reference Price for each Propulsion System, the prices of the related equipment and the Propulsion System Price Revision Formula are based on information received from the applicable Propulsion System Manufacturer and are subject to amendment by such Propulsion System Manufacturer at any time prior to Delivery. If any Propulsion System Manufacturer makes any such amendment, the amendment will be deemed to be incorporated into this Agreement and the Propulsion System Reference Price, the prices of the related equipment and the Propulsion System Price Revision Formula will be adjusted accordingly. The Seller agrees to notify the Buyer as soon as the Seller receives notice of any such amendment from any Propulsion System Manufacturer.

5 PAYMENT TERMS

5.1 Method and Place of Payment

The Buyer will perform its obligations to pay the Predelivery Payments, the Balance of the Final Price and any other amount due hereunder from the United States in immediately available funds in United States dollars to:

Beneficiary Name: AIRBUS

account identification: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

with:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

or to such other account as may be designated by the Seller.

5.2 INTENTIONALLY LEFT BLANK

5.3 Predelivery Payments

5.3.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 The “**Predelivery Payment Reference Price**” for an Aircraft to be delivered in calendar year T is determined in accordance with the following formula:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.3 Predelivery Payments will be paid according to the following schedule.

CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

TOTAL PAYMENT PRIOR TO DELIVERY

[CONFIDENTIAL PORTION HAS BEEN OMITTED
BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE
COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.5 Specification Change Notice Predelivery Payments

The Seller will be entitled to require, and the Buyer will pay, Predelivery Payments for each SCN (excluding those listed in Exhibits A-2 to A-7) executed after execution and delivery of this Agreement in accordance with the following payment schedule:

- (i) For each SCN executed [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) For each SCN executed [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (iii) For each SCN executed [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Payment of Balance of the Final Price of the Aircraft

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (the “**Balance of the Final Price**”).

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.5 Taxes

- 5.5.1 The amounts stated in this Agreement to be payable by the Buyer are exclusive of value added tax (“VAT”) chargeable under the laws of any jurisdiction and accordingly the Buyer will pay any VAT chargeable with respect to the sale of any Aircraft other than Leased Aircraft, and any component, accessory, equipment, part or service delivered or furnished under this Agreement with respect to a Purchase Aircraft. The Seller will comply with all local laws regarding VAT collection and remittance, including without limitation the issuance of timely and proper VAT invoices and, where applicable, the issuance of local invoices and accepting local payment.
- 5.5.2 The Seller will pay all other Taxes (except for Taxes based on or measured by the income of the Buyer or any Taxes levied against the Buyer for the privilege of doing business in any jurisdiction), levied, assessed, charged or collected, on or prior to Delivery of any Aircraft, for or in connection with the manufacture, assembly, sale and delivery under this Agreement of such Aircraft or any parts, instructions or data installed thereon or incorporated therein (other than Buyer Furnished Equipment).
- 5.5.3 The Buyer will pay all Taxes not assumed by the Seller under Clause 5.5.2 (except for Taxes based on or measured by the income of the Seller or any Taxes levied against the Seller for the privilege of doing business in any jurisdiction).
- 5.5.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.5.5 “**Taxes**” means any present or future tax, stamp or other levies, imposts, duties, charges, fees, deductions or withholdings arising from the transactions contemplated or effectuated under this Agreement, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority or any political subdivision or taxing authority thereof or therein, including without limitation any exactions based upon or measured by the assets, capital, property, gross receipts or payroll of the Buyer or the Seller.

5.6 Application of Payments

Notwithstanding any other rights the Seller may have at contract or at law, the Buyer and the Seller hereby agree that should any matured and undisputed amounts [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] become due and payable by the Buyer or its Affiliates, and not be paid in full in immediately available funds on the date due [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] then the Seller will have the right, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] debit and apply, in whole or in part, the Predelivery Payments paid to the Seller by the Buyer against such unpaid amount(s). The Seller will promptly notify the Buyer in writing after such debiting and application, and the Buyer will pay to the Seller the amount required to comply with Clause 5.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.7 Setoff Payments

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.8 Overdue Payments

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.9 Proprietary Interest

Notwithstanding any provision of law to the contrary, the Buyer will not, by virtue of anything contained in this Agreement (including, without limitation, any Predelivery Payments hereunder, or any designation or identification by the Seller of a particular aircraft as an Aircraft to which any of the provisions of this Agreement refers) acquire any proprietary, insurable or other interest whatsoever in any Aircraft before Delivery of and payment for such Aircraft, as provided in this Agreement.

5.10 Payment in Full

Except as expressly provided in Clause 5.7, the Buyer's obligation to make payments to the Seller hereunder will not be affected by and will be determined without regard to any counterclaim, recoupment, defense or other right that the Buyer may have against the Seller or any other person and,

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] all such payments will be made without deduction or withholding of any kind. The Buyer will ensure that the sums received by the Seller under this Agreement will be equal to the full amounts expressed to be due to the Seller hereunder, without deduction or withholding on account of and free from any and all taxes, levies, imposts, duties or charges of whatever nature, except that if the Buyer is required by law to make any such deduction or withholding the Buyer will pay an additional amount to the Seller [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.11 Other Charges

Unless expressly stipulated otherwise, any charges due from the Buyer under this Agreement other than those set out in Clauses 5.3 and 5.8 will be paid by the Buyer at the same time as payment of the Balance of the Final Price or, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 MANUFACTURE PROCEDURE – INSPECTION

6.1 Manufacture Procedures

Each Airframe will be manufactured in accordance with this Agreement and the requirements of the laws of the jurisdiction of incorporation of the Seller or of its relevant Affiliate as enforced by the Aviation Authority of such jurisdiction.

6.2 Inspection

6.2.1 Subject to providing the Seller with certificates evidencing compliance with the insurance requirements set forth in Clause 19, the Buyer or its duly authorized representatives (the “**Buyer’s Inspector(s)**”) will be entitled to inspect the manufacture of each Airframe and all materials and parts obtained by the Seller from the sub-contractors for the manufacture of each Airframe, receive reasonable notice of and attend inspection presentations, have access to technical log books and quality log books and monitor production acceptance tests (the “**Inspection**”) on the following terms and conditions:

- (i) any Inspection will be conducted pursuant to the Seller’s system of inspection and the relevant procedures of the Seller, as developed under the supervision of the relevant Aviation Authority;
- (ii) the Buyer’s Inspector(s) will have access to such relevant technical documentation as is reasonably necessary for the purpose of the Inspection;
- (iii) any Inspection and any related discussions with the Seller by the Buyer’s Inspector(s) will be at reasonable times during business hours and will take place in the presence of the relevant inspection department personnel of the Seller; and
- (iv) the Inspections will be performed in a manner not to unduly delay or hinder the manufacture or assembly of any Aircraft or the performance of this Agreement by the Seller or any other work in progress at the Manufacture Facilities.

6.2.2 Location of Inspections

The Buyer’s Inspector(s) will be entitled to conduct any such Inspection at the relevant Manufacture Facility of the Seller or the Affiliates and, if requested by the Buyer, at the Manufacture Facilities of the sub-contractors; provided that if access to any part of the Manufacture Facilities where the manufacture of the Airframe or its materials or parts is in progress or materials or parts are stored is restricted for security or confidentiality reasons, the Seller will be allowed reasonable time to make the relevant items available in another location reasonably convenient for the Buyer’s Inspector(s).

6.3 Seller’s Service for Buyer’s Inspector(s)

For the purpose of the Inspections, and starting from a mutually agreed date [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] until the final Delivery Date, the Seller will furnish without additional charge suitable space and office equipment (including computer communication access) in or conveniently located with respect to each Delivery Location for the use of up to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the Buyer’s Inspectors at each such location.

6.4 No Effect on Representations, Warranties, Indemnities and Agreements

The representations, warranties, indemnities and agreements of the Seller in this Agreement and any exceptions or limitations thereto will not be affected or deemed waived by reason of any investigation or inspection made or not made by the Buyer pursuant to this Clause 6.

7 CERTIFICATION

Except as set forth in this Clause 7, the Seller will not be required to obtain any certificate or approval with respect to any Aircraft.

7.1 Type Certification

The Aircraft have been type certificated under EASA procedures for joint certification in the transport category. The Seller will obtain or cause to be obtained an FAA type certificate (the “**Type Certificate**”) to allow the issuance of the Export Certificate of Airworthiness.

7.2 Export Certificate of Airworthiness

Subject to the provisions of Clause 7.3, each Aircraft will be delivered to the Buyer with an Export Certificate of Airworthiness and in a condition enabling the Buyer to obtain at the time of Delivery a Standard Airworthiness Certificate issued pursuant to Part 21 of the US Federal Aviation Regulations and a Certificate of Sanitary Construction issued by the U.S. Public Health Service of the Food and Drug Administration. However, the Seller will have no obligation to make and will not be responsible for any costs of alterations or modifications to such Aircraft to enable such Aircraft to meet FAA or U.S. Department of Transportation requirements for specific operation on the Buyer’s routes, whether before, at or after Delivery of any Aircraft.

If the FAA requires additional or modified data before the issuance of the Export Certificate of Airworthiness, the Seller will provide such data or implement the required modification to the data, in either case, at the Buyer’s cost.

7.3 Specification Changes before Aircraft Ready for Delivery

- 7.3.1 If, any time before the date on which an Aircraft is Ready for Delivery, any law, rule or regulation is enacted, promulgated, becomes effective and/or an interpretation of any law, rule or regulation is issued by EASA that requires any change to the Specification for the purposes of obtaining the Export Certificate of Airworthiness (a “**Change in Law**”), the Seller will make the required modification and the parties hereto will sign an SCN pursuant to Clause 2.2.1.
- 7.3.2 The Seller will as far as practicable, but at its sole discretion and without prejudice to Clause 7.3.3(ii), take into account the information available to it concerning any proposed law, rule or regulation or interpretation that could become a Change in Law, in order to minimize the costs of changes to the Specification as a result of such proposed law, regulation or interpretation becoming effective before the applicable Aircraft is Ready for Delivery.
- 7.3.3 The cost of implementing the required modifications referred to in Clause 7.3.1 will be:
- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 7.3.4 Notwithstanding the provisions of Clause 7.3.3, if a Change in Law relates to an item of BFE or to the Propulsion System the costs related thereto will be borne by the Buyer, and the Seller will have no obligation with respect thereto.

7.4 Specification Changes after Aircraft Ready For Delivery

Nothing in Clause 7.3 will require the Seller to make any changes or modifications to, or to make any payments or take any other action with respect to, any Aircraft that is Ready for Delivery before the compliance date of any law or regulation referred to in Clause 7.3. Any such changes or modifications made to an Aircraft after it is Ready for Delivery will be at the Buyer's expense.

8 TECHNICAL ACCEPTANCE

8.1 Technical Acceptance Process

8.1.1 Prior to Delivery, each Aircraft will undergo a technical acceptance process developed by the Seller [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (the “**Technical Acceptance Process**”). Completion of the Technical Acceptance Process will demonstrate the satisfactory functioning of such Aircraft and will be deemed to demonstrate compliance with the Specification. If, during the Technical Acceptance Process any Aircraft does not comply with all of the Technical Acceptance Process requirements, the Seller will without hindrance from the Buyer carry out, at its cost, any necessary changes and, as soon as practicable thereafter, resubmit such Aircraft to such further Technical Acceptance Process as is necessary to demonstrate the elimination of the non-compliance.

8.1.2 The Technical Acceptance Process will:

- (i) commence on a date notified by the Seller to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) take place at the Delivery Location,
- (iii) be carried out by the personnel of the Seller with the participation of the Buyer’s representatives in accordance with the Technical Acceptance Process and Clause 8.2.2 if the Buyer elects to attend the Technical Acceptance Process, and
- (iv) include [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (the “**Technical Acceptance Flight**”).

8.2 Buyer’s Attendance

8.2.1 The Buyer is entitled to attend the Technical Acceptance Process.

8.2.2 If the Buyer elects to attend the Technical Acceptance Process, the Buyer:

- (i) will comply with the reasonable requirements of the Seller, with the intention of completing the Technical Acceptance Process within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) may have a maximum of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of whom will have access to the cockpit at any one time) accompany the Seller’s representatives on the Technical Acceptance Flight, during which the Buyer’s representatives will comply with the instructions of the Seller’s representatives; and
- (iii) will be entitled to have a pilot of the Buyer conduct routine flight maneuvers and tests during the Technical Acceptance Flight as may be reasonably required to demonstrate to

the Buyer the satisfactory functioning of the Aircraft, subject to the supervision and operational control of the Seller's flight test personnel at all times during such flight maneuvers and tests.

8.2.3 If the Buyer does not attend or fails to cooperate in the Technical Acceptance Process, the Seller will be entitled to complete the Technical Acceptance Process and the Buyer will be deemed to have accepted that the Technical Acceptance Process has been satisfactorily completed, in all respects.

8.3 Certificate of Acceptance

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the Buyer will execute and deliver to the Seller a certificate of acceptance in respect of such Aircraft in the form of Exhibit D (the "**Certificate of Acceptance**").

8.4 Finality of Acceptance

The Buyer's execution and delivery of the Certificate of Acceptance for an Aircraft will constitute waiver by the Buyer of any right it may have, under the Uniform Commercial Code as adopted by the State of New York or otherwise, to revoke acceptance of each Aircraft for any reason known to the Buyer at the time of acceptance. The Buyer's execution and delivery of the Certificate of Acceptance for an Aircraft will not impair the Seller's obligations pursuant to any warranty, indemnity or performance guarantee or other support set forth in the Agreement or any remedies of the Buyer thereunder.

8.5 Aircraft Utilization

The Seller will, without payment or other liability, be entitled to use any and all Aircraft before Delivery of such Aircraft as may be necessary to obtain the certificates required under Clause 7. Such use will not limit the Buyer's obligation to accept Delivery hereunder.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

9 DELIVERY

9.1 Delivery Schedule

Subject to Clauses 2, 7, 8, 10 and 18, the Seller will have the Aircraft Ready for Delivery at the Delivery Location within the following months (each, a “**Scheduled Delivery Month**”) or quarters (each, a “**Scheduled Delivery Quarter**”), as applicable set forth on Schedule I hereto (the “**Delivery Schedule**”).

9.1.1 In respect of each Aircraft for which a Scheduled Delivery Quarter is set forth in Clause 9.1 above, the Seller will communicate to the Buyer the Scheduled Delivery Month no later than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

9.1.2 The Seller will give the Buyer at least [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] written notice of the anticipated date on which each Aircraft will be Ready for Delivery. Such notice will also include the starting date and the planned schedule of the Technical Acceptance Process. Thereafter the Seller will notify the Buyer of any change to such dates.

9.2 Delivery Process

9.2.1 The Buyer will send its representatives (which, with respect to Leased Aircraft, may include representatives of the Lessor) to the Delivery Location to take Delivery of each Aircraft at the date on which such Aircraft is Ready for Delivery, and fly such Aircraft from the Delivery Location.

9.2.2 The Seller will deliver and transfer title to each Aircraft to the Buyer (or, with respect to a Leased Aircraft, the Lessor) free and clear of all encumbrances (except for any liens or encumbrances created by or on behalf of the Buyer) provided that the Balance of the Final Price of such Aircraft has been paid by the Buyer pursuant to Clause 5.4 (or, with respect to a Leased Aircraft, provided that Buyer has executed and delivered to Lessor a definitive lease agreement) and that the Certificate of Acceptance has been signed and delivered to the Seller pursuant to Clause 8.3. The Seller will provide the Buyer (or with respect to Leased Aircraft, the Lessor) with a bill of sale in the form of Exhibit E (the “**Bill of Sale**”) and such other documentation confirming transfer of title and receipt of such Final Price of such Aircraft as may reasonably be requested by the Buyer (and, with respect to Leased Aircraft, to the Lessor). Title to and risk of loss of or damage to such Aircraft will pass to the Buyer (or, with respect to Leased Aircraft, the Lessor) contemporaneously with the delivery by the Seller to the Buyer of such Bill of Sale.

9.2.3 (i) If the Buyer fails to deliver the signed Certificate of Acceptance with respect to an Aircraft to the Seller when required pursuant to Clause 8.3, or (ii) if Buyer fails to pay the Balance of the Final Price of such Aircraft to the Seller (or with respect to a Leased Aircraft, if Buyer fails to execute and deliver to Lessor a definitive lease agreement), then the Buyer will be deemed to have rejected Delivery wrongfully when such Aircraft was duly tendered to the Buyer hereunder. If such a deemed rejection arises, then in addition to the remedies of Clause 5.8.1, the Seller will retain title to such Aircraft and the Buyer will indemnify and hold the Seller harmless against any and all costs (including but not limited to any parking, storage, and insurance costs) and consequences resulting from the Buyer’s rejection (including but not limited to risk of loss of or damage to such Aircraft), it being understood that the Seller will be under no duty to the Buyer to store, park, insure or otherwise protect such Aircraft. These rights of the Seller will be in addition to the Seller’s other rights and remedies in this Agreement.

9.3 Flyaway

- 9.3.1 The Buyer and the Seller will cooperate to obtain any licenses that may be required by the Aviation Authority of the Delivery Location for the purpose of exporting the Aircraft.
- 9.3.2 All expenses of, or connected with, flying the Aircraft from the Delivery Location after Delivery will be borne by the Buyer. The Buyer will make direct arrangements with the supplying companies for the fuel and oil required for all post-Delivery flights.

10 EXCUSABLE DELAY AND TOTAL LOSS

10.1 Scope of Excusable Delay

Neither the Seller nor any Affiliate of the Seller, will be responsible for or be deemed to be in default on account of delays in delivery of any Aircraft or failure to deliver or otherwise in the performance of this Agreement or any part hereof due to causes beyond the Seller's, or any Affiliate's control or not occasioned by the Seller's, fault or negligence ("**Excusable Delay**"), including, but not limited to: (i) acts of God or the public enemy, natural disasters, fires, floods, storms beyond ordinary strength, explosions or earthquakes; epidemics or quarantine restrictions; serious accidents; any law, decision, regulation, directive or other act (whether or not having the force of law) of any government or of the Council of the European Community or the Commission of the European Community or of any national, Federal, State, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, domestic or foreign; governmental priorities, regulations or orders affecting allocation of materials, facilities or a completed Aircraft; war, civil war or warlike operations, terrorism, insurrection or riots; failure of transportation; strikes or labor troubles causing cessation, slow down or interruption of work; [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] inability after due and timely diligence to procure materials, accessories, equipment or parts; general hindrance in transportation; or failure of a subcontractor or supplier to furnish materials, components, accessories, equipment or parts; (ii) any delay caused directly or indirectly by the action or inaction of the Buyer; and (iii) delay in delivery or otherwise in the performance of this Agreement by the Seller due in whole or in part to any delay in or failure of the delivery of, or any other event or circumstance relating to, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 Consequences of Excusable Delay

If an Excusable Delay occurs:

- (i) the Seller will notify the Buyer of such Excusable Delay as soon as practicable after becoming aware of the same;
- (ii) the Seller will not be responsible for any damages arising from or in connection with such Excusable Delay suffered or incurred by the Buyer;
- (iii) the Seller will not be deemed to be in default in the performance of its obligations hereunder as a result of such Excusable Delay;
- (iv) the Seller will as soon as practicable after the removal of the cause of such delay resume performance of its obligations under this Agreement and in particular will notify the Buyer of the revised Scheduled Delivery Month.

10.3 Termination on Excusable Delay

- 10.3.1 If any Delivery is delayed as a result of an Excusable Delay for a period of more than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the

last day of the Scheduled Delivery Month, then either party may terminate this Agreement with respect to the affected Aircraft, by giving written notice to the other party within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] However, the Buyer will not be entitled to terminate this Agreement pursuant to this Clause 10.3.1 if the Excusable Delay is caused directly or indirectly by the action or inaction of the Buyer.

10.3.2 If the Seller advises the Buyer in its notice of a revised Scheduled Delivery Month pursuant to Clause 10.2.1(iv) that there will be a delay in Delivery of an Aircraft of more than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the last day of the Scheduled Delivery Month, then [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] may terminate this Agreement with respect to the affected Aircraft. Termination will be made by giving written notice to the other party within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the Buyer's receipt of the notice of a revised Scheduled Delivery Month.

10.3.3 If this Agreement is not terminated under the terms of Clause 10.3.1 or 10.3.2, then the Seller will be entitled to reschedule Delivery. The Seller will notify the Buyer of the new Scheduled Delivery Month after the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] period referred to in Clause 10.3.1 or 10.3.2, and this new Scheduled Delivery Month will be deemed to be an amendment to the applicable Scheduled Delivery Month in Clause 9.1.

10.4 Total Loss, Destruction or Damage

If, prior to Delivery, any Aircraft is lost, destroyed or in the reasonable opinion of the Seller is damaged beyond economic repair (“**Total Loss**”), the Seller will notify the Buyer to this effect within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of such occurrence. The Seller will include in said notification (or as soon after the issue of the notice as such information becomes available to the Seller) the earliest date consistent with the Seller's other commitments and production capabilities that an aircraft to replace such Aircraft may be delivered to the Buyer and the Scheduled Delivery Month will be extended as specified in the Seller's notice to accommodate the delivery of the replacement aircraft; provided, however, that if the Scheduled Delivery Month is extended to a month that is later than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the last day of the original Scheduled Delivery Month then this Agreement will terminate with respect to said Aircraft unless:

- (i) the Buyer notifies the Seller within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the date of receipt of the Seller's notice that it desires the Seller to provide a replacement aircraft during the month quoted in the Seller's notice; and

(ii) the parties execute an amendment to this Agreement recording the change in the Scheduled Delivery Month.

Nothing herein will require the Seller to manufacture and deliver a replacement aircraft if such manufacture would require the reactivation of its production line for the model or series of aircraft that includes the applicable Aircraft.

10.5 Termination Rights Exclusive

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.6 Remedies

THIS CLAUSE 10 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 11, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 10 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 10 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

11 INEXCUSABLE DELAY

11.1 Liquidated Damages

Should an Aircraft not be Ready for Delivery within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the last day of the Scheduled Delivery Month (as such month may be changed pursuant to Clauses 2, 7 and/or 10) (the “**Delivery Period**”) and such delay is not as a result of an Excusable Delay or Total Loss, then such delay will be termed an “**Inexcusable Delay**.” In the event of an Inexcusable Delay, the Buyer will have the right to claim, and the Seller will pay the Buyer liquidated damages of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

In no event will the amount of liquidated damages exceed the total of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] in respect of any one Aircraft.

The Buyer’s right to liquidated damages in respect of an Aircraft is conditioned on the Buyer’s submitting a written claim for liquidated damages to the Seller not later than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the last day of the Scheduled Delivery Month.

11.2 Renegotiation

If, as a result of an Inexcusable Delay, the Delivery does not occur within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the last day of the Delivery Period the Buyer will have the right, exercisable by written notice to the Seller given between [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to require from the Seller a renegotiation of the Scheduled Delivery Month for the affected Aircraft. Unless otherwise agreed between the Seller and the Buyer during such renegotiation, the said renegotiation will not prejudice the Buyer’s right to receive liquidated damages in accordance with Clause 11.1.

11.3 Termination

If, as a result of an Inexcusable Delay, the Delivery does not occur within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the last day of the Delivery Period and the parties have not renegotiated the Delivery Date pursuant to Clause 11.2, then both parties will have the right exercisable by written notice to the other party, given between [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to terminate this Agreement in respect of the affected Aircraft. In the event of termination, neither party will have any claim against the other, except that the Seller will pay to the Buyer any amounts due pursuant to Clause 11.1 and will pay to the Buyer an amount equal to the Predelivery Payments received from the Buyer hereunder in respect of such affected Aircraft.

11.4 Remedies

THIS CLAUSE 11 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 10, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING WITHOUT LIMITATION ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 11 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 11 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

12 WARRANTIES AND SERVICE LIFE POLICY

This Clause covers the terms and conditions of the warranty and service life policy.

12.1 Standard Warranty

12.1.1 Nature of Warranty

For the purpose of this Agreement the term “**Warranted Part**” will mean any Seller proprietary component, equipment, system, software (to the extent not covered by the End-User License Agreement for such software), accessory, structure or part, that is installed on an Aircraft at Delivery thereof and

- (a) that is manufactured to the detailed design of the Seller or a subcontractor of the Seller and
- (b) that bears a part number of the Seller at the time of such Delivery.

Subject to the conditions and limitations as hereinafter provided for and except as provided for in Clause 12.1.2, the Seller warrants to the Warranty Beneficiary that each Aircraft and each Warranted Part will at Delivery to such Warranty Beneficiary be free from defects:

- (i) in material;
- (ii) in workmanship, including without limitation processes of manufacture;
- (iii) in design (including without limitation the selection of materials) having regard to the state of the art at the date of such design; and
- (iv) arising from failure to conform to the Specification, except to those portions of the Specification relating to performance or where it is expressly stated that they are estimates or approximations or design aims.

12.1.2 Exclusions

The warranties set forth in Clause 12.1.1 will not apply to Buyer Furnished Equipment, nor to the Propulsion System, nor to any component, equipment, accessory or part installed on any Aircraft at Delivery that is not a Warranted Part except that:

- (i) any defect in the Seller’s workmanship in respect of the installation of such items in such Aircraft, including any failure by the Seller to conform to the installation instructions of the manufacturers of such items, that invalidates any applicable warranty from such manufacturers, will constitute a defect in workmanship for the purpose of this Clause 12.1 and be covered by the warranty set forth in Clause 12.1.1 (ii); and
- (ii) any defect inherent in the Seller’s design of the installation, in consideration of the state of the art at the date of such design, that impairs the use of such items, will constitute a defect in design for the purpose of this Clause 12.1 and be covered by the warranty set forth in Clause 12.1.1 (iii).

12.1.3 Warranty Period

The warranties set forth in Clauses 12.1.1 and 12.1.2 will be limited to those defects that become apparent within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after Delivery of the affected Aircraft (the “**Warranty Period**”).

12.1.4 Limitations of Warranty

12.1.4.1 The Warranty Beneficiary’s remedy and the Seller’s obligation and liability under Clauses 12.1.1 and 12.1.2 are, at the Seller’s expense, (a) the repair, replacement or correction of any Warranted Part that is defective (or the supply of modification kits rectifying the defect) (a “**Correction**”) or (b) the reimbursement of the cost to the Warranty Beneficiary for a replacement for the defective Warranted Part and any other materials installed, incorporated, consumed or expended by the Warranty Beneficiary in performing the Correction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.1.4.2 In the event of a defect covered by Clauses 12.1.1 (iii), 12.1.1 (iv) and 12.1.2 (ii) becoming apparent within the Warranty Period, the Seller will also, if so requested by the Buyer in writing, correct such defect in any Aircraft that has not yet been delivered to the Buyer, provided, however,

- (i) that the Seller will not be responsible, nor be deemed to be in default on account of any reasonable delay in Delivery of any Aircraft or otherwise in respect of the performance of this Agreement, due to the Seller’s undertaking to make such correction and provided further
- (ii) that, rather than accept a delay in the Delivery of any such Aircraft, the Buyer and the Seller may agree to deliver such Aircraft with subsequent correction of the defect by the Buyer at the Seller’s expense, or the Buyer may elect to accept Delivery and thereafter file a Warranty Claim as though the defect had become apparent immediately after Delivery of such Aircraft.

12.1.4.3 Cost of Inspection

In addition to the remedies set forth in Clauses 12.1.4.1 and 12.1.4.2, the Seller will reimburse the direct labor costs incurred by the Warranty Beneficiary in performing inspections of the affected Aircraft to determine whether or not a defect exists in any Warranted Part within the Warranty Period subject to the following conditions:

- (i) such inspections are recommended by a Seller Service Bulletin, service letter, or other Seller correspondence issued or to be performed within the Warranty Period;
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) the labor rate for the reimbursement will be the In-house Warranty Labor Rate; and
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.1.5 Warranty Claim Requirements

The Warranty Beneficiary's remedy and the Seller's obligation and liability under this Clause 12.1 with respect to any warranty claim submitted by the Buyer (each a "**Warranty Claim**") are subject to the following conditions:

- (i) the defect having become apparent within the Warranty Period;
- (ii) the Warranty Beneficiary having filed a Warranty Claim within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and
- (iii) the Seller having received a Warranty Claim complying with the provisions of Clause 12.1.6 below.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.1.6 Warranty Administration

The warranties set forth in Clause 12.1 will be administered as hereinafter provided for:

12.1.6.1 Claim Determination

Determination as to whether any claimed defect in any Warranted Part is a valid Warranty Claim will be made by the Seller and will be based upon the claim details, reports from the Seller's Representatives, historical data logs, inspections, tests, findings during repair, defect analysis and other relevant documents; [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.1.6.2 Transportation Costs

The cost of transporting a Warranted Part claimed to be defective to the facilities designated by the Seller [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.1.6.3 Return of an Aircraft

If the Warranty Beneficiary and the Seller mutually agree, prior to such return, that it is necessary to return an Aircraft to the Seller for consideration of a Warranty Claim, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.1.6.4 On Aircraft Work by the Seller

If the Seller determines that a defect subject to this Clause 12.1 justifies the dispatch by the Seller of a working team to repair or correct such defect through the embodiment of one or several Seller's Service Bulletins at the Buyer's facilities, or if the Seller accepts the return of an Aircraft to perform or have performed such repair or correction, then the labor costs for such on-Aircraft work will be borne by the Seller at the In-House Warranty Labor Rate.

The condition which has to be fulfilled for on-Aircraft work by the Seller is that, in the opinion of the Seller, the work necessitates the technical expertise of the Seller as manufacturer of the affected Aircraft.

If such condition is fulfilled and if the Seller is requested to perform the work, the Seller and the Buyer will agree on a schedule and place for the work to be performed.

12.1.6.5 Warranty Claim Substantiation

Each Warranty Claim filed by the Warranty Beneficiary under this Clause 12.1 will contain at least the following data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (a) description of defect and action taken, if any,
- (b) date of incident and/or removal date,
- (c) description of Warranted Part claimed to be defective,
- (d) part number,
- (e) serial number (if applicable),
- (f) position on Aircraft,
- (g) total flying hours or calendar time, as applicable, at the date of defect appearance,
- (h) time since last shop visit at the date of defect appearance,
- (i) Manufacturer Serial Number of the affected Aircraft and/or its registration,
- (j) Aircraft total flying hours and/or number of landings at the date of defect appearance,
- (k) Warranty Claim number,
- (l) date of Warranty Claim,
- (m) Delivery Date of Aircraft or Warranted Part to the Buyer,

Warranty Claims are to be addressed as follows:

Airbus
Customer Services directorate
Warranty Administration
Rond Point Maurice Bellonte
B.P. 33
31707 Blagnac Cedex
France

12.1.6.6 Replacements

Replaced components, equipment, accessories or parts will become the Seller's property.

Title to and risk of loss of any Aircraft, component, accessory, equipment or part returned by the Buyer to the Seller will at all times remain with the Buyer, except that:

- (i) when the Seller has possession of a returned Aircraft, component, accessory, equipment or part to which the Buyer has title, the Seller will have such responsibility therefor as is chargeable by law to a bailee for hire, but the Seller will not be liable for loss of use, and;

- (ii) title to and risk of loss of a returned component, accessory, equipment or part will pass to the Seller upon shipment by the Seller to the Buyer of any item furnished by the Seller to the Buyer as a replacement therefor.

Upon the Seller's shipment to the Buyer of any replacement component, accessory, equipment or part provided by the Seller pursuant to this Clause 12.1, title to and risk of loss of such replacement component, accessory, equipment or part will pass to the Buyer.

12.1.6.7 Claims Review

The Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] each Warranty Claim and provide notice to the Warranty Beneficiary of approval or rejection of a Warranty Claim [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] The Seller will provide reasonable written substantiation in case of rejection of a Warranty Claim. In the event of rejection, the Buyer will have the opportunity to resubmit the Warranty Claim if additional information not provided in the Warranty Claim is or becomes available. In the event the Seller approves any Warranty Claim and determines to offer a reimbursement, the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] issue a warranty credit to the Buyer.

12.1.6.8 Inspection

The Seller will have the right to inspect the affected Aircraft, documents and other records relating thereto in the event of any Warranty Claim under this Clause 12.1.

12.1.7 In-house Warranty

12.1.7.1 Seller's Authorization

The Seller hereby authorizes the Buyer to repair Warranted Parts ("**In-house Warranty**") subject to the terms of this Clause 12.1.7.

12.1.7.2 Conditions for Seller's Authorization

The Buyer will be entitled to repair such Warranted Parts:

- [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] The Buyer's notification will include sufficient detail regarding the defect, estimated labor hours and material to allow the Seller to ascertain the reasonableness of the estimate. The Seller agrees to use all reasonable efforts to ensure a prompt response and will not unreasonably withhold, condition or delay authorization;
- provided adequate facilities and qualified personnel are available to the Buyer;
- provided repairs are performed in accordance with the Seller's Technical Data or written instructions; and

- only to the extent specified by the Seller, or, in the absence of such specification, to the extent reasonably necessary to correct the defect, in accordance with the standards set forth in Clause 12.1.10.

12.1.7.3 Seller's Rights

The Seller will have the right to require the return of any Warranted Part, or any part removed therefrom, which is claimed to be defective if, in the judgment of the Seller, the nature of the claimed defect requires technical investigation. Such return will be subject to the provisions of Clause 12.1.6.2. Furthermore, the Seller will have the right to have a Seller Representative present during the disassembly, inspection and testing of any Warranted Part claimed to be defective, subject to such presence being practical and not unduly delaying the repair.

12.1.7.4 In-house Warranty Claim Substantiation

Claims for In-house Warranty credit will be filed within the time period set forth in 12.1.5 (ii) and will contain the same information as that required for Warranty Claims under Clause 12.1.6.5 and in addition will include:

- (a) a report of technical findings with respect to the defect,
- (b) for parts required to remedy the defect:
 - part numbers,
 - serial numbers (if applicable),
 - parts description,
 - quantity of parts,
 - unit price of parts,
 - related Seller's or third party's invoices (if applicable),
 - total price of parts,
- (c) detailed number of labor hours,
- (d) In-house Warranty Labor Rate,
- (e) total claim value.

12.1.7.5 Credit

The Buyer's sole remedy and the Seller's sole obligation and liability with respect to In-house Warranty Claims will be the warranty credit issued to the Buyer in an amount equal to the reasonable direct labor costs expended in performing the repair of a Warranted Part and to the direct costs of materials incorporated in such repair, determined as set forth below:

- (i) to determine direct labor costs, only man-hours spent on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] disassembly, inspection, repair, reassembly, final inspection and test of the Warranted Part [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be counted. Any man-hours required for maintenance work concurrently being carried out on the affected Aircraft or the Warranted Part will not be included.

- (ii) The man-hours counted as set forth above will be multiplied by an agreed labor rate of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (“**In-house Warranty Labor Rate**”), which is deemed to represent the Buyer’s composite labor rate meaning the average hourly rate (excluding all fringe benefits, premium time allowances, social security charges, business taxes and the like) paid to the Buyer’s employees whose jobs are directly related to the performance of the repair.

The In-house Warranty Labor Rate is subject to annual adjustment by multiplication by the ratio ECIn/ECIb. For the purposes of this Clause 12.1.7.5 only, ECIn will be equal to the Labor Index, ECI336411W, defined in the Seller’s Price Revision Formula 2011 set forth in Exhibit C-1 to the Agreement.

- (iii) Direct material costs are determined by the prices at which the Buyer acquired such material, excluding any parts and materials used for overhaul and as may be furnished by the Seller at no charge.

12.1.7.6 Limitation

The Buyer will in no event be credited for repair costs (including labor and material) for any Warranted Part in excess of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the Seller’s current catalogue price for a replacement of such defective Warranted Part.

12.1.7.7 Scrapped Material

The Buyer will retain any defective Warranted Part beyond economic repair and any defective part removed from a Warranted Part during repair for a period of either [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the date of completion of the repair or [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after submission of a claim for In-house Warranty credit relating thereto, whichever is longer, and during such period such parts will be returned to the Seller within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of receipt of the Seller’s request to that effect.

Notwithstanding the foregoing, the Buyer may scrap any such defective parts, which are beyond economic repair and not required for technical evaluation locally, with the agreement of the Seller Representative(s) at any time.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.1.8 Standard Warranty in case of Pooling or Leasing Arrangements

Without prejudice to Clause 21.1, the warranties provided for in this Clause 12.1 for any Warranted Part will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.1.9 Warranty for Corrected, Replaced or Repaired Warranted Parts

Notwithstanding the definition of “Warranty Period” set forth in Clause 12.1.2.3, whenever any Warranted Part, which contains a defect for which the Seller is liable under Clause 12.1, has been corrected, replaced or repaired pursuant to the terms of this Clause 12.1 (a “**Corrected Part**”), the period of the Seller’s warranty with respect to such Corrected Part will be the remaining portion of the original warranty [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If a defect is attributable to a defective repair or replacement by the Buyer, a Warranty Claim with respect to such defect will be rejected, notwithstanding any subsequent correction or repair, and will immediately terminate the remaining warranties under this Clause 12.1 in respect of the affected Warranted Part.

12.1.10 Accepted Industry Standard Practices Normal Wear and Tear

The Buyer’s rights under this Clause 12.1 with respect to any Warranted Part are subject to such Warranted Part being maintained, overhauled, repaired and operated in accordance with accepted industry standard practices, all Technical Data and any other instructions issued by the Seller, the Suppliers and the Propulsion System Manufacturer with respect to such Warranted Part and all applicable rules, regulations and directives of the relevant Aviation Authorities with respect to such Warranted Part.

The Seller’s liability under this Clause 12.1 will not extend to normal wear and tear nor to:

- (i) any Warranted Part that has been repaired, altered or modified after Delivery, except by the Seller or in accordance with the Seller’s Technical Data or the Seller’s written instructions;
- (ii) any Warranted Part that has been operated in a damaged state, except to the extent such operation was until the next commercially reasonable opportunity to replace such Warranted Part; and
- (iii) any Warranted Part from which the part or serial number has been removed.

12.2 Seller Service Life Policy

In addition to the warranties set forth in Clause 12.1, the Seller further agrees to provide the Warranty Beneficiary with a “**Seller Service Life Policy**” as set forth in this Clause 12.2.

12.2.1 Should a Failure occur in any Item (as these terms are defined below) that is not caused by an extrinsic force, then, subject to the general conditions and limitations set forth in Clause 12.2.4, the provisions of this Clause 12.2 will apply.

For the purposes of this Clause 12.2:

- (i) “**Item**” means any item listed in Exhibit F;

(ii) “**Failure**” means a breakage or defect that can reasonably be expected to occur on a fleet wide basis and which materially impairs the utility of the Item.

12.2.2 Periods and Seller’s Undertakings

Subject to the general conditions and limitations set forth in Clause 12.2.4, the Seller agrees that if a Failure occurs in an Item within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after the Delivery of such Aircraft, the Seller will, at its discretion and as promptly as practicable and with the Seller’s financial participation as hereinafter provided, either:

- design and furnish to the Buyer a Correction or Corrected Part for such Item with a Failure and provide any parts required for such Correction (including Seller designed standard parts but excluding industry standard parts), or
- replace such Item.

12.2.3 Seller’s Participation in the Costs

Subject to the general conditions and limitations set forth in Clause 12.2.4, any part or Item that the Seller is required to furnish to the Buyer under the Seller Service Life Policy in connection with the correction or replacement of an Item will be furnished to the Buyer at the Seller’s then current sales price therefore, less the Seller’s financial participation determined in accordance with the following formula:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

where :

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.2.4 General Conditions and Limitations

12.2.4.1 The undertakings set forth in this Clause 12.2 will be valid after the period of the Seller’s warranty applicable to an Item under Clause 12.1.

12.2.4.2 The Buyer's remedies and the Seller's obligations and liabilities under the Seller Service Life Policy are subject to the prior compliance by the Buyer with the following conditions:

- (i) the Buyer will maintain log books and other historical records with respect to each Item, reasonably adequate to enable the Seller to determine whether the alleged Failure is covered by the Seller Service Life Policy and, if so, to define the portion of the costs to be borne by the Seller in accordance with Clause 12.2.3;
- (ii) the Buyer will keep the Seller informed of any significant incidents relating to an Aircraft, howsoever occurring or recorded;
- (iii) the Buyer will comply with the conditions of Clause 12.1.10;
- (iv) the Buyer will implement specific structural inspection programs for monitoring purposes as may be established from time to time by the Seller. Such programs will be as compatible as practicable with the Buyer's operational requirements and will be carried out at the Buyer's expense. Reports relating thereto will be regularly furnished to the Seller;
- (v) the Buyer will report any breakage or defect in an Item in writing to the Seller within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after such breakage or defect becomes apparent, whether or not such breakage or defect can reasonably be expected to occur in any other aircraft, and the Buyer will have provided to the Seller reasonably sufficient detail on the breakage or defect to enable the Seller to determine whether such breakage or defect is subject to the Seller Service Life Policy.

12.2.4.3 Except as otherwise provided for in this Clause 12.2, any claim under the Seller Service Life Policy will be administered as provided for in, and will be subject to the terms and conditions of, Clause 12.1.6.

12.2.4.4 In the event of the Seller having issued a modification applicable to an Aircraft, the purpose of which is to avoid a Failure, the Seller may elect to supply the necessary modification kit free of charge to the Buyer or under a pro rata formula established by the Seller. If such a kit is so offered to the Buyer free of charge, then, to the extent of such Failure and any Failures that could ensue therefrom, the validity of the Seller's commitment under this Clause 12.2 will be subject to the Buyer incorporating such modification in the relevant Aircraft, as promulgated by the Seller and in accordance with the Seller's instructions, within a reasonable period of time.

12.2.4.5 THE SELLER SERVICE LIFE POLICY IS NEITHER A WARRANTY, PERFORMANCE GUARANTEE, NOR AN AGREEMENT TO MODIFY ANY AIRCRAFT OR AIRFRAME COMPONENTS TO CONFORM TO NEW DEVELOPMENTS OCCURRING IN THE STATE OF AIRFRAME DESIGN AND MANUFACTURING ART. THE SELLER'S OBLIGATION UNDER THIS CLAUSE 12.2 IS TO MAKE ONLY THOSE CORRECTIONS TO THE ITEMS OR FURNISH REPLACEMENTS THEREFOR AS PROVIDED FOR IN THIS CLAUSE 12.2. THE BUYER'S SOLE REMEDY AND RELIEF FOR THE NON-PERFORMANCE OF ANY OBLIGATION OR LIABILITY OF THE SELLER ARISING UNDER OR BY VIRTUE OF THE SELLER SERVICE LIFE POLICY WILL BE [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] LIMITED TO THE AMOUNT THE BUYER REASONABLY EXPENDS IN PROCURING A CORRECTION OR REPLACEMENT FOR ANY ITEM THAT IS THE SUBJECT OF A FAILURE COVERED BY THE SELLER SERVICE LIFE POLICY AND TO WHICH SUCH

NON-PERFORMANCE IS RELATED, LESS THE AMOUNT THAT THE BUYER OTHERWISE WOULD HAVE BEEN REQUIRED TO PAY UNDER THIS CLAUSE 12.2 IN RESPECT OF SUCH CORRECTED OR REPLACEMENT ITEM.

12.3 Supplier Warranties and Service Life Policies

Prior to or at Delivery of the first Aircraft, the Seller will provide the Buyer, in accordance with the provisions of Clause 17, with the warranties and, where applicable, service life policies that the Seller has obtained for Supplier Parts pursuant to the Supplier Product Support Agreements. The Seller authorizes the Buyer to enforce directly against all Suppliers all such warranties and service life policies to the fullest extent permitted by the applicable Supplier Product Support Agreement.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

12.3.1 Definitions

12.3.1.1 “**Supplier**” means any supplier of Supplier Parts.

12.3.1.2 “**Supplier Part**” means any component, equipment, accessory or part installed in an Aircraft at the time of Delivery thereof and for which there exists a Supplier Product Support Agreement. For the sake of clarity, the Propulsion System and Buyer Furnished Equipment and other equipment selected by the Buyer to be supplied by suppliers with whom the Seller has no existing enforceable warranty agreements are not Supplier Parts.

12.3.1.3 “**Supplier Product Support Agreements**” means agreements between the Seller and Suppliers, as described in Clause 17.1.2, containing enforceable and transferable warranties and, in the case of landing gear suppliers, service life policies for selected structural landing gear elements.

12.3.2 Supplier’s Default

12.3.2.1 In the event that any Supplier, under any standard warranty obtained by the Seller in a Supplier Product Support Agreement, defaults in the performance of any obligation with respect thereto and subject to (i) the Buyer using its commercially reasonable efforts to enforce its rights under such Supplier Product Support Agreement and (ii) the Buyer submitting in reasonable time to the Seller reasonable evidence that such default has occurred, then Clause 12.1 will apply to the extent the same would have been applicable had such Supplier Part been a Warranted Part, except that the Supplier’s warranty period as indicated in the Supplier Product Support Agreement will apply.

12.3.2.2 In the event that any Supplier, under any Supplier service life policy obtained by the Seller in a Supplier Product Support Agreement, defaults in the performance of any obligation with respect thereto and subject to (i) the Buyer using its commercially reasonable efforts to enforce its rights under such Supplier Product Support Agreement and (ii) the Buyer submitting in reasonable time to the Seller reasonable evidence that such default has occurred, then Clause 12.2 will apply as if such Supplier Part was an Item, except that the Supplier’s service life policy period as indicated in the Supplier Product Support Agreement will apply.

12.3.2.3 At the Seller's request, the Buyer will assign to the Seller, and the Seller will be subrogated to, all of the Buyer's rights against the relevant Supplier with respect to and arising by reason of such default and will provide reasonable assistance to enable the Seller to enforce the rights so assigned.

12.4 Interface Commitment

12.4.1 Interface Problem

If the Warranty Beneficiary experiences any technical problem in the operation of an Aircraft or its systems due to a malfunction, the cause of which, after due and reasonable investigation, is not readily identifiable by the Warranty Beneficiary but which the Warranty Beneficiary reasonably believes to be attributable to the design characteristics of one or more components of such Aircraft ("**Interface Problem**"), the Seller will, if so requested by the Warranty Beneficiary, and without additional charge to the Warranty Beneficiary, promptly conduct or have conducted an investigation and analysis of such problem to determine, if possible, the cause or causes of the problem and to recommend such corrective action as may be feasible. The Warranty Beneficiary will furnish to the Seller all data and information in the Warranty Beneficiary's possession reasonably relevant to the Interface Problem and will reasonably cooperate with the Seller in the conduct of the Seller's investigations and such tests as may be required.

At the conclusion of such investigation, the Seller will promptly advise the Warranty Beneficiary in writing of the Seller's opinion as to the cause or causes of the Interface Problem and the Seller's recommendations as to corrective action.

12.4.2 Seller's Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of a Warranted Part, the Seller will, if so requested by the Warranty Beneficiary and pursuant to the terms and conditions of Clause 12.1, correct the design of such Warranted Part to the extent of the Seller's obligation as defined in Clause 12.1.

12.4.3 Supplier's Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of any Supplier Part, the Seller will, if so requested by the Warranty Beneficiary, reasonably assist the Warranty Beneficiary in processing any warranty claim the Warranty Beneficiary may have against the Supplier. The Seller will also take whatever reasonable action is permitted by its contracts with such Supplier in an effort to obtain a correction of the Interface Problem acceptable to the Warranty Beneficiary. If the Supplier fails within a reasonable period of time to take appropriate action on the Seller's recommendation as to the necessary corrective action and the Warranty Beneficiary submits to the Seller, within a reasonable period of time, proof of such failure, then the Seller will take action in accordance with the provisions of Clause 12.3

12.4.4 Joint Responsibility

If the Seller determines that the Interface Problem is attributable partially to the design of a Warranted Part and partially to the design of any Supplier Part, the Seller will, if so requested by the Warranty Beneficiary, seek a solution to the Interface Problem through cooperative efforts of the Seller and any Supplier involved.

The Seller will promptly advise the Warranty Beneficiary of such corrective action as may be proposed by the Seller and any such Supplier. Such proposal will be consistent with any then existing obligations of the Seller hereunder and of any such Supplier towards the Warranty Beneficiary. Such corrective action, unless reasonably rejected by the Warranty Beneficiary, will constitute full satisfaction of any claim the Warranty Beneficiary may have against either the Seller or any such Supplier with respect to such Interface Problem.

12.4.5 General

12.4.5.1 All requests under this Clause 12.4 will be directed to both the Seller and the affected Supplier.

12.4.5.2 Except as specifically set forth in this Clause 12.4, this Clause will not be deemed to impose on the Seller any obligations not expressly set forth elsewhere in this Agreement.

12.4.5.3 All reports, recommendations, data and other documents furnished by the Seller to the Warranty Beneficiary pursuant to this Clause 12.4 will be deemed to be delivered under this Agreement and will be subject to the terms, covenants and conditions set forth in this Clause 12 and in Clause 22.11.

12.5 Exclusivity of Warranties

THIS CLAUSE 12 SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICE DELIVERED BY THE SELLER UNDER THIS AGREEMENT.

THE BUYER RECOGNIZES THAT THE RIGHTS, WARRANTIES AND REMEDIES IN THIS CLAUSE 12 ARE ADEQUATE AND SUFFICIENT TO PROTECT THE BUYER FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN THE GOODS AND SERVICES SUPPLIED UNDER THIS AGREEMENT. THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICE DELIVERED BY THE SELLER UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (2) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (3) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;

- (4) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO, ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;
- (5) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;
- (6) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;
- (7) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:
 - (a) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
 - (b) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
 - (c) LOSS OF PROFITS AND/OR REVENUES;
 - (d) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES AND SELLER SERVICE LIFE POLICY PROVIDED BY THIS AGREEMENT WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT EXECUTED AND DELIVERED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS CLAUSE 12 SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE UNENFORCEABLE, THE REMAINDER OF THIS CLAUSE 12 WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS CLAUSE 12.5, THE "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER AND ANY OF ITS SUPPLIERS, SUBCONTRACTORS, AND AFFILIATES.

12.6 Duplicate Remedies

The remedies provided to the Buyer under Clause 12.1 and Clause 12.2 as to any defect in respect of any Aircraft or any part thereof are mutually exclusive and not cumulative. The Buyer will be entitled to the remedy that provides the maximum benefit to it, as the Buyer may elect, pursuant to the terms and conditions of this Clause 12 for any particular defect for which remedies are provided under this Clause 12; provided, however, that the Buyer will not be entitled to elect a remedy under both Clause 12.1 and Clause 12.2 for the same defect. The Buyer's rights and remedies herein for the nonperformance of any obligations or liabilities of the Seller arising under these warranties will be in monetary damages limited to the amount the Buyer expends in procuring a correction or replacement for any covered part subject to a defect or nonperformance covered by this Clause 12, and the Buyer will not have any right to require specific performance by the Seller.

12.7 Negotiated Agreement

The Buyer specifically recognizes that:

- (i) the Specifications have been agreed upon after careful consideration by the Buyer using its judgment as a professional operator of aircraft used in public transportation and as such is a professional within the same industry as the Seller;
- (ii) this Agreement, and in particular this Clause 12, has been the subject of discussion and negotiation and is fully understood by the Buyer; and
- (iii) the price of the Aircraft and the other mutual agreements of the Buyer set forth in this Agreement were arrived at in consideration of, inter alia, the provisions of this Clause 12, specifically including the waiver, release and renunciation by the Buyer set forth in Clause 12.5.

12.8 Disclosure to Third Party Entity

In the event of the Buyer intending to designate a third party entity (a “**Third Party Entity**”) to administer this Clause 12, the Buyer will notify the Seller of such intention prior to any disclosure of this Clause to the selected Third Party Entity and will cause such Third Party Entity to enter into a confidentiality agreement and or any other relevant documentation with the Seller solely for the purpose of administrating this Clause 12.

12.9 Transferability

Unless otherwise permitted pursuant to Clause 21, the Buyer’s rights under this Clause 12 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller’s prior written consent, which will not be unreasonably withheld.

Any transfer in violation of this Clause 12.9 will, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 12 and any and all other warranties that might arise under or be implied in law.

12.10 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

13 TRADE SECRET, PATENT AND COPYRIGHT INDEMNITY

13.1 Indemnity

13.1.1 13.1.1 Subject to the provisions of Clause 13.2.3, the Seller will indemnify, defend and hold harmless the Warranty Beneficiary from and against any damages, losses, costs, claims, suits and/or expenses including legal costs (excluding damages, losses, costs, claims, suits, expenses, loss of profits and other liabilities in respect of or resulting from loss of use of the Aircraft) resulting from (a) any trade secret misappropriation or alleged trade secret misappropriation by the Seller which interferes with the Warranty Beneficiary's use of any Airframe, any part or software installed in any Airframe at Delivery (including the Propulsion System interface and excluding Buyer Furnished Equipment, such Airframe, an "**Indemnified Airframe**"), any replacement part or software or Technical Data, in each case provided by the Seller for any Indemnified Airframe in accordance with this Agreement or (b) any infringement or claim of infringement caused by the Warranty Beneficiary's use of any Airframe, any part or software installed in any Indemnified Airframe at Delivery, any replacement part or software or Technical Data, in each case provided by the Seller for any Indemnified Airframe in accordance with this Agreement of:

- (i) any British, French, German, Spanish or U.S. patent; and
- (ii) any patent issued under the laws of any other country in which the Warranty Beneficiary may lawfully operate such Aircraft, provided that at the time of infringement or claim of infringement:
 - (1) such country and the flag country of such Aircraft are each a party to the Chicago Convention on International Civil Aviation of December 7, 1944, and are each fully entitled to all benefits of Article 27 thereof, or in the alternative,
 - (2) such country and the flag country of such Aircraft are each a party to the International Convention for the Protection of Industrial Property of March 20, 1883 ("**Paris Convention**"); and
- (iii) any copyright, provided that the Seller's obligation to indemnify, defend and hold harmless will be limited to infringements in the United States of America and in countries which, at the time of infringement or claim of infringement, are members of The Berne Union.

13.1.2 Clause 13.1.1 will not apply to

- (i) Buyer Furnished Equipment or Propulsion System; or
- (ii) parts not manufactured to the Seller's detailed design.

13.1.3 In the event that the Warranty Beneficiary, due to circumstances contemplated in Clause 13.1.1, is prevented from using any Aircraft (whether by a valid judgment of a court of competent jurisdiction or by a settlement arrived at between claimant, the Seller and Warranty Beneficiary), the Seller will at its discretion and expense either:

- (i) procure for the Warranty Beneficiary the right to use such Aircraft; or

- (ii) as applicable, cure the misappropriation or replace the infringing part of such Aircraft as soon as possible with a non-infringing substitute, in each case complying in all other respects with the requirements of this Agreement.

13.2 Administration of Patent and Copyright Indemnity Claims

13.2.1 If the Warranty Beneficiary receives a written claim or a suit is threatened or commenced against the Warranty Beneficiary for misappropriation or infringement referred to in Clause 13.1, the Warranty Beneficiary will:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] notify the Seller giving particulars thereof, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) furnish to the Seller all data, papers and records within the Warranty Beneficiary's control or possession relating to such suit or claim;
- (iii) refrain from admitting any liability or making any payment or assuming any expenses, damages, costs or royalties or otherwise acting in a manner prejudicial to the defense or denial of such suit or claim; provided that nothing in this sub-Clause (iii) will prevent the Warranty Beneficiary from paying such sums as may be required in order to obtain the release of the affected Aircraft; provided further that such payment is accompanied by a denial of liability and is made without prejudice;
- (iv) reasonably co-operate with, and render reasonable assistance to, the Seller as may be pertinent to the defense or denial of the suit or claim;
- (v) act in such a way as to reasonably mitigate damages, costs and expenses and / or reduce the amount of royalties which may be payable.

13.2.2 The Seller will be entitled upon prior written notice to the Warranty Beneficiary, either in its own name or on behalf of the Warranty Beneficiary, to conduct negotiations with the party or parties alleging misappropriation or infringement and will assume and conduct the defense or settlement of any suit or claim. Absent the prior written consent of the Warranty Beneficiary, the Seller may not enter into any settlement, unless such settlement (i) does not include any finding or admission of wrongdoing by the Warranty Beneficiary, (ii) includes an unconditional written release by the claimant or plaintiff of the Warranty Beneficiary from all liability in respect of such suit or claim, and (iii) does not impose equitable remedies or any obligation on the Warranty Beneficiary other than solely the payment of money damages for which the Warranty Beneficiary will be fully indemnified hereunder.

If the Seller fails or refuses to assume the defense of any claim or suit notified to it under this Clause 13, the Warranty Beneficiary will, upon prior written notice to the Seller, have the right, at the Seller's expense, to proceed with the defense or settlement of the claim or suit as it deems prudent; provided, that absent the prior written consent of the Seller, the Warranty Beneficiary may not enter into any settlement, unless such settlement (i) does not include any finding or admission of wrongdoing by the Seller, (ii) includes an unconditional written release by the claimant or plaintiff of the Seller from all liability in respect of such suit or claim and (iii) does not impose equitable remedies on the Seller.

13.2.3 The Seller's liability hereunder will be conditional upon the compliance by the Warranty Beneficiary with the terms of this Clause and is in lieu of any other liability to the Warranty Beneficiary express or implied which the Seller might incur at law as a result of any actual or claimed misappropriation or infringement.

THE INDEMNITY PROVIDED IN THIS CLAUSE 13 AND THE OBLIGATIONS AND LIABILITIES OF THE SELLER UNDER THIS CLAUSE 13 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE WARRANTY BENEFICIARY HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER INDEMNITIES, WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES ON THE PART OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE WARRANTY BENEFICIARY AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY ARISING FROM OR WITH RESPECT TO LOSS OF USE OR REVENUE OR CONSEQUENTIAL DAMAGES), WITH RESPECT TO ANY ACTUAL OR ALLEGED TRADE SECRET MISAPPROPRIATION OR PATENT OR COPYRIGHT INFRINGEMENT BY ANY INDEMNIFIED AIRFRAME, PART OR SOFTWARE INSTALLED IN ANY INDEMNIFIED AIRFRAME AT DELIVERY, REPLACEMENT PART OR SOFTWARE OR ANY TECHNICAL DATA IN EACH CASE PROVIDED BY THE SELLER FOR ANY AIRFRAME, PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS CLAUSE WILL REMAIN IN FULL FORCE AND EFFECT. THIS INDEMNITY AGAINST TRADE SECRET MISAPPROPRIATIONS AND PATENT AND COPYRIGHT INFRINGEMENTS WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT EXECUTED AND DELIVERED BY THE SELLER AND THE WARRANTY BENEFICIARY.

14 TECHNICAL DATA AND SOFTWARE SERVICES

14.1 Scope

This Clause 14 covers the terms and conditions for the supply of technical data (together with any revisions thereto, and including the technical data set forth in Exhibit G hereto, the “**Technical Data**”) and software services described hereunder (hereinafter, and including the software services set forth in Exhibit G hereto, “**Software Services**”) to support the Aircraft operation, maintenance and training.

14.1.1 Except as otherwise set forth in this Clause 14, the Technical Data will be supplied in the English language using the aeronautical terminology in common use. The Technical Data will reference U.S. conventions for pounds, feet, seconds and gallons.

14.1.2 Range, form, type, format, quantity and delivery schedule of the Technical Data to be provided under this Agreement are outlined in Exhibit G hereto.

14.2 Aircraft Identification for Technical Data

14.2.1 For those Technical Data that are customized to the Buyer’s Aircraft, the Buyer agrees to the allocation of fleet serial numbers (“**Fleet Serial Numbers**”) in the form of a block of numbers selected in the range from 001 to 999.

14.2.2 The sequence will not be interrupted unless two (2) different Propulsion System or two (2) different models of Aircraft are selected.

14.2.3 The Buyer will indicate to the Seller the Fleet Serial Number allocated to each Aircraft corresponding to the delivery schedule set forth in Schedule I no later than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] months before the Scheduled Delivery Month of the first Aircraft. Neither the designation of such Fleet Serial Numbers nor the subsequent allocation of the Fleet Serial Numbers to Manufacturer Serial Numbers for the purpose of producing certain customized Technical Data will constitute any property, insurable or other interest of the Buyer in any Aircraft prior to the Delivery of such Aircraft as provided for in this Agreement.

The customized Technical Data that are affected thereby are the following:

- Aircraft Maintenance Manual,
- Illustrated Parts Catalogue,
- Trouble Shooting Manual,
- Aircraft Wiring Manual,
- Aircraft Schematics Manual, and
- Aircraft Wiring Lists.

14.3 Integration of Equipment Data

14.3.1 Supplier Equipment

Information, including revisions, relating to Supplier equipment that is installed on the Aircraft at Delivery, or through Airbus Service Bulletins thereafter, will be introduced [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

14.3.2 Buyer Furnished Equipment

- 14.3.2.1 The Seller will introduce Buyer Furnished Equipment data for Buyer Furnished Equipment that is installed on the Aircraft by the Seller (hereinafter “**BFE Data**”) into the customized Technical Data, at no additional charge to the Buyer or the Lessor for the initial issue of the Technical Data provided at or before Delivery of the first Aircraft of each type, configuration or version, provided such BFE Data is provided in accordance with the conditions set forth in Clauses 14.3.2.2 through 14.3.2.6.
- 14.3.2.2 The Buyer will supply the BFE Data to the Seller at least [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] prior to the Scheduled Delivery Month of the first Aircraft of each type. If the Buyer does not supply such BFE Data to the Seller by such time, then the Seller will, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] incorporate such BFE Data at the first scheduled revision following [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 14.3.2.3 The Buyer will supply the BFE Data to the Seller in English and in compliance with the then applicable revision of ATA Specification 2200 (iSpec 2200), Information Standards for Aviation Maintenance.
- 14.3.2.4 The Buyer and the Seller will reasonably agree on the requirements for the provision to the Seller of BFE Data for “on-aircraft maintenance”, such as but not limited to timeframe, media and format in which the BFE Data will be supplied to the Seller, in order to manage the BFE Data integration process in an efficient, expeditious and economic manner.
- 14.3.2.5 The BFE Data will be delivered in digital format (SGML) and/or in Portable Document Format (PDF), as reasonably agreed between the Buyer and the Seller.
- 14.3.2.6 All costs related to the delivery to the Seller of the applicable BFE Data will be borne by the Buyer.

14.4 Supply

- 14.4.1 Technical Data will be supplied on-line and/or off-line, as set forth in Exhibit G hereto.
- 14.4.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

14.5 Delivery

- 14.5.1 For Technical Data provided off-line, such Technical Data and corresponding revisions will be sent to up to two (2) addresses as indicated by the Buyer at no charge to the Buyer in accordance with the terms set forth under Clause 14.5.2.

- 14.5.2 Technical Data provided off-line will be delivered by the Seller at the Buyer's named place of destination under DAP conditions. The term Delivered At Place (DAP) is defined in the Incoterms 2010 publication issued by the International Chamber of Commerce, (the "**DAP**").
- 14.5.3 The Technical Data will be delivered according to a mutually agreed schedule to correspond with the Delivery of each Aircraft in accordance with Exhibit G. The Buyer will provide no less than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] prior notice when requesting a change to such delivery schedule.
- 14.5.4 It will be the responsibility of the Buyer to coordinate and satisfy local Aviation Authorities' requirements with respect to Technical Data. Reasonable quantities of such Technical Data will be supplied by the Seller at no charge to the Buyer at the Buyer's named place of destination.

14.6 Revision Service

For each firmly ordered Aircraft covered under this Agreement, revision service for the Technical Data will be provided free of charge for a period starting at Delivery of the first Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (the "**Revision Service Period**").

Thereafter revision service will be provided in accordance with the terms and conditions set forth in the Seller's then current Customer Services Catalog.

14.7 Service Bulletins (SB) Incorporation

During the Revision Service Period and upon the Warranty Beneficiary's request, Seller Service Bulletin information will be incorporated into the Technical Data, provided that the Buyer notifies the Seller through the relevant AirbusWorld on-line Service Bulletin Reporting application that it intends to accomplish such Service Bulletin. The split effectivity for the corresponding Service Bulletin will remain in the Technical Data until notification from the Buyer that embodiment has been completed on all of the Buyer's Aircraft. The foregoing is applicable for Technical Data relating to maintenance only. For operational Technical Data either the pre or post Service Bulletin status will be shown.

14.8 Technical Data Familiarization

Upon request by the Buyer, the Seller will provide up to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of Technical Data familiarization training at the Seller's or the Buyer's facilities, at the Buyer's option. The basic familiarization course is tailored for maintenance and engineering personnel.

14.9 Customer Originated Changes (COC)

If the Buyer wishes to introduce Buyer originated data (hereinafter "**COC Data**") into any of the customized Technical Data that are identified as eligible for such incorporation in the Seller's then current Customer Services Catalog, the Buyer will notify the Seller of such intention.

The incorporation of any COC Data will be performed under the methods and tools for achieving such introduction and the conditions specified in the Seller's then current Customer Services Catalog.

14.10 AirN@v Family products

14.10.1 The Technical Data listed below is provided on DVD and include integrated software (hereinafter together referred to as "AirN@v Family").

14.10.2 The AirN@v Family covers several Technical Data domains, reflected by the following AirN@v Family products:

- AirN@v / Maintenance,
- AirN@v / Planning,
- AirN@v / Repair,
- AirN@v / Workshop,
- AirN@v / Associated Data,
- AirN@v / Engineering.

14.10.3 Further details on the Technical Data included in such products are set forth in Exhibit G.

14.10.4 The licensing conditions for the use of AirN@v Family integrated software will be set forth in a separate agreement (the "End-User License Agreement for Airbus Software") to be executed by the parties prior to Delivery of the first Aircraft.

14.10.5 The revision service and the license to use AirN@v Family products will be granted free of charge for [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] At the end of such Revision Service Period, the yearly revision service for AirN@v Family products and the associated license fee will be provided to the Buyer under the commercial conditions set forth in the Seller's then current Customer Services Catalog.

14.11 On-Line Technical Data

14.11.1 The Technical Data defined in Exhibit G as being provided on-line will be made available to the Buyer through AirbusWorld, as set forth in a separate agreement to be executed by the parties the prior to Delivery of the first Aircraft.

14.11.2 Such provisions will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

14.11.3 Access to AirbusWorld will be subject to the General Terms and Conditions of Access to and Use of AirbusWorld (hereinafter the "GTC"), as set forth in a separate agreement to be executed by the parties prior to Delivery of the first Aircraft.

14.11.4 The list of the Technical Data provided on-line may be extended from time to time.

For any Technical Data which is or becomes available on-line, the Seller reserves the right to eliminate other formats for the concerned Technical Data.

14.11.5 Access to AirbusWorld will be granted free of charge for an unlimited number of the Buyer's users [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of Buyer's administrators) for the Technical Data related to the Aircraft which will be operated by the Buyer.

14.11.6 For the sake of clarification, Technical Data accessed through AirbusWorld - which access will be covered by the terms and conditions set forth in the GTC - will remain subject to the conditions of this Clause 14.

In addition, should AirbusWorld provide access to Technical Data in software format, the use of such software will be subject to the conditions of the End-User License Agreement for Airbus Software.

14.12 Waiver, Release and Renunciation

The Seller warrants that the Technical Data are prepared in accordance with the state of the art at the date of their development. Should any Technical Data prepared by the Seller contain a non-conformity or defect, the sole and exclusive liability of the Seller will be to take all reasonable and proper steps to correct such Technical Data. Irrespective of any other provisions herein, no warranties of any kind will be given for the COC Data, as set forth in Clause 14.9.

THE WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE SELLER (AS DEFINED BELOW FOR THE PURPOSES OF THIS CLAUSE) AND REMEDIES OF THE WARRANTY BENEFICIARY SET FORTH IN THIS CLAUSE 14 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE WARRANTY BENEFICIARY HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE WARRANTY BENEFICIARY AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW, CONTRACT OR OTHERWISE, WITH RESPECT TO ANY NON-CONFORMITY OR DEFECT OF ANY KIND, IN ANY TECHNICAL DATA OR TECHNICAL SERVICES DELIVERED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- A. ANY WARRANTY AGAINST HIDDEN DEFECTS;
- B. ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS;
- C. ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OR TRADE;
- D. ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY, WHETHER IN CONTRACT OR IN TORT, WHETHER OR NOT ARISING FROM THE SELLER'S NEGLIGENCE, ACTUAL OR IMPUTED; AND
- E. ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY FOR LOSS OF OR DAMAGE TO ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICES DELIVERED UNDER THIS AGREEMENT, FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES;

PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS AGREEMENT WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS CLAUSE 14, THE "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUBCONTRACTORS, ITS AFFILIATES AND ANY OF THEIR RESPECTIVE INSURERS.

14.13 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

14.14 Proprietary Rights

14.14.1 All proprietary rights relating to Technical Data, including but not limited to patent, design and copyrights, will remain with the Seller and/or its Affiliates, as the case may be.

These proprietary rights will also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

14.14.2 Whenever this Agreement and/or any Technical Data provides for manufacturing by the Buyer, the consent given by the Seller will not be construed as any express or implicit endorsement or approval whatsoever of the Buyer or of the manufactured products. Subject to Article 1.7.1 of Exhibit H, the supply of the Technical Data will not be construed as any further right for the Buyer to design or manufacture any Aircraft or part thereof, including any spare part.

14.15 Performance Engineer's Program

14.15.1 In addition to the Technical Data provided under Clause 14, the Seller will provide to the Buyer Software Services, which will consist of the Performance Engineer's Programs ("PEP") for the Aircraft type covered under this Agreement. Such PEP is composed of software components and databases, and its use is subject to the license conditions set forth in the End-User License Agreement for Airbus Software.

14.15.2 Use of the PEP will be limited to two (2) copies to be used on the Buyer's computers for the purpose of computing performance engineering data. The PEP is intended for use on ground only and will not be placed or installed on board the Aircraft.

14.15.3 The license to use the PEP and the revision service will be provided [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for the duration of the corresponding Revision Service Period as set forth in Clause 14.6.

14.15.4 At the end of such PEP Revision Service Period, the PEP will be provided to the Buyer at the standard commercial conditions set forth in the Seller's then current Customer Services Catalog.

14.16 Future Developments

The Seller continuously monitors technological developments and applies them to Technical Data, document and information systems' functionalities, production and methods of transmission.

The Seller will implement and the Buyer will accept such new developments, it being understood that the Buyer will be informed in due time by the Seller of such new developments and their application and of the date by which the same will be implemented by the Seller.

14.17 Confidentiality

14.17.1 This Clause, the Technical Data, the Software Services and their content are designated as confidential. All such Technical Data and Software Services are provided to the Buyer for the sole use of the Buyer who undertakes not to disclose the contents thereof to any third party without the prior written consent of the Seller, except as permitted therein or pursuant to any government or legal requirement imposed upon the Buyer.

14.17.2 If the Seller authorizes the disclosure of this Clause or of any Technical Data or Software Services to third parties either under this Agreement or by an express prior written authorization or, specifically, where the Buyer intends to designate a maintenance and repair organization or a third party to perform the maintenance of the Aircraft or to perform data processing on its behalf (each a "**Third Party**"), the Buyer will notify the Seller of such intention prior to any disclosure of this Clause and/or the Technical Data and/or the Software Services to such Third Party.

The Buyer hereby undertakes to cause such Third Party to agree to be bound by the conditions and restrictions set forth in this Clause 14 with respect to the disclosed Clause, Technical Data or Software Services and will in particular cause such Third Party to enter into a confidentiality agreement with the Seller and appropriate licensing conditions, and to commit to use the Technical Data solely for the purpose of maintaining the Buyer's Aircraft and the Software Services exclusively for processing the Buyer's data. The Seller will reasonably cooperate with the Buyer in the Buyer's efforts to fulfill its undertakings set forth in this paragraph.

14.18 Transferability

Unless otherwise permitted pursuant to Clause 21, the Buyer's rights under this Clause 14 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

Any transfer in violation of this Clause 14.17 will, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 14 and any and all other warranties that might arise under or be implied in law.

15 SELLER REPRESENTATIVE SERVICES

The Seller will provide [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to the Buyer the services described in this Clause 15, at the Buyer's main base or at other locations to be mutually agreed by the parties, acting reasonably.

15.1 Customer Support Representative(s)

15.1.1 The Seller will provide [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to the Buyer the services of Seller customer support representative(s), as defined in Appendix A to this Clause 15 (each a "**Seller Representative**"), at the Buyer's main base or such other locations as the parties may agree. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

15.1.2 In providing the services as described herein, any Seller Representatives, or any Seller employee(s) providing services to the Buyer hereunder, are deemed to be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer's employees, contractors or agents, either directly or indirectly.

15.1.3 The Seller will provide to the Buyer an annual written accounting of the consumed man-months and any remaining man-month balance from the allowance defined in Appendix A to this Clause 15. Such accounting will be deemed final and accepted by the Buyer unless the Seller receives written objection from the Buyer within thirty (30) calendar days of receipt of such accounting.

15.1.4 In the event of a need for Aircraft On Ground ("**AOG**") technical assistance after the end of the assignment referred to in Appendix A to this Clause 15, the Buyer will have non-exclusive access to:

- (i) AIRTAC (Airbus Technical AOG Center); and
- (ii) the Seller Representative network closest to the Buyer's main base. A list of contacts of the Seller Representatives closest to the Buyer's main base will be provided to the Buyer.

As a matter of reciprocity, the Buyer agrees that Seller Representative(s) may provide services to other airlines during any assignment with the Buyer.

15.1.5 Should the Buyer request Seller Representative services exceeding the allocation specified in Appendix A to this Clause 15, the Seller may provide such additional services subject to terms and conditions to be mutually agreed.

15.1.6 The Seller will cause services similar to the services described in this Clause 15 to be provided by representatives of the Propulsion System Manufacturer and Suppliers, when reasonably requested by the Buyer.

15.2 Buyer's Support

15.2.1 From the date of arrival of the first Seller Representative and for the duration of the assignment, the Buyer will provide, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and if requested by the Seller, a suitable, lockable office, conveniently located with respect to the Buyer's maintenance facilities, with complete office furniture and equipment including telephone, internet, email and facsimile connections for the sole use of the Seller Representative(s). [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

15.2.2 Absence of an assigned Seller Representative during normal statutory vacation periods will be covered by other seller representatives on the same conditions as those described in Clause 15.1.4, and such services will be counted against the total allocation provided in Appendix A hereto.

15.2.3 The Seller will use commercially reasonable efforts to obtain, and the Buyer will assist the Seller in obtaining, from the civil authorities of the Buyer's country those documents that are necessary to permit the Seller Representative to live and work in the Buyer's country. If the Seller is unable to obtain such necessary documents for any Seller Representative after the exercise of commercially reasonable efforts by the Seller to do so, the Seller will be relieved of any obligation to the Buyer under the provisions of Clause 15.1 with respect to such Seller Representative until the Seller is able to obtain such necessary documents.

15.3 Withdrawal of the Seller Representative

The Seller will have the right to withdraw its assigned Seller Representatives as it sees fit if conditions arise, which are in the Seller's opinion dangerous to their safety or health or prevent them from fulfilling their contractual tasks.

15.4 Indemnities

INDEMNIFICATION PROVISIONS, INCLUDING THE LIMITATIONS RELATED THERETO, APPLICABLE TO THIS CLAUSE 15 ARE SET FORTH IN CLAUSE 19.

APPENDIX A TO CLAUSE 15

SELLER REPRESENTATIVE

- 1 The Seller will provide to the Buyer Seller Representative services at the Buyer's main base or at other locations to be mutually agreed for [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 2 For the sake of clarification, such Seller Representatives' services will include [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3 The number of Seller Representatives assigned to the Buyer at any one time will be mutually agreed, but will at no time exceed [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Seller Representatives.

16 TRAINING SUPPORT AND SERVICES

16.1 General

- 16.1.1 This Clause 16 sets forth the terms and conditions for the supply of training support and services for the Buyer's personnel to support the Aircraft operation.
- 16.1.2 The range, quantity and validity of training to be provided free of charge under this Agreement are covered in Appendix A to this Clause 16.
- 16.1.3 Scheduling of training courses covered in Appendix A will be mutually agreed during a training conference (the "**Training Conference**") that will be held no later than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

16.2 Training Location

- 16.2.1 The Seller will provide training at its affiliated training center in Miami, U.S.A. or such other of its training centers as agreed upon by the Seller and the Buyer (individually a "**Seller's Training Center**" and collectively the "**Seller's Training Centers**").
- 16.2.2 If the unavailability of facilities or scheduling difficulties make training by the Seller at any Seller's Training Center impractical, the Seller will ensure that the Buyer is provided with such training at another location designated by the Seller.
- 16.2.3 Upon the Buyer's request, the Seller may also provide certain training at a location other than the Seller's Training Centers, including one of the Buyer's bases, if and when practicable for the Seller, under terms and conditions to be mutually agreed upon. In such event, all additional charges listed in Clauses 16.5.2 and 16.5.3 will be borne by the Buyer.
- 16.2.4 If the Buyer requests training at a location as indicated in Clause 16.2.3 and requires such training to be an Airbus approved course, the Buyer undertakes that the training facilities will be approved by the Seller prior to the performance of such training. The Buyer will, as necessary and with adequate time prior to the performance of such training, provide access to the training facilities set forth in Clause 16.2.3 to the Seller's and the competent Aviation Authority's representatives for approval of such facilities.

16.3 Training Courses

- 16.3.1 Training courses will be as described in the Seller's customer services catalog (the "**Seller's Customer Services Catalog**"). The Seller's Customer Services Catalog also sets forth the minimum and maximum number of trainees per course.

All training requests or training course changes made outside of the scope of the Training Conference will be submitted by the Buyer with a minimum of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] months prior notice.

16.3.2 The following terms and conditions will apply to training performed by the Seller:

- (i) Training courses will be the Seller's standard courses as described in the Seller's Customer Services Catalog valid at the time of execution of the course. The Seller will be responsible for all training course syllabi, training aids and training equipment necessary for the organization of the training courses. For the avoidance of doubt, such training equipment does not include provision of aircraft for the purpose of performing training.
- (ii) The training equipment and the training curricula used for the training of flight, cabin and maintenance personnel will not be fully customized but will be configured in order to obtain the relevant Aviation Authority's approval and to support the Seller's training programs.
- (iii) Training data and documentation for trainees receiving the training at the Seller's Training Centers will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Training data and documentation will be marked "FOR TRAINING ONLY" and as such are supplied for the sole and express purpose of training; training data and documentation will not be revised.

16.3.3 When the Seller's training courses are provided by the Seller's instructors (individually an "**Instructor**" and collectively "**Instructors**") the Seller will deliver to each trainee a Certificate of Recognition or a Certificate of Course Completion (each a "**Certificate**") or an attestation (an "**Attestation**"), as applicable, upon successful completion of any such training course. Any such Certificate or Attestation will not represent authority or qualification by any Aviation Authority but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

In the event of training courses being provided by a training provider selected by the Seller as set forth in Clause 16.2.2, the Seller will cause such training provider to deliver to each trainee a Certificate or Attestation, which will not represent authority or qualification by any Aviation Authority, but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

16.3.4 Should the Buyer wish to exchange any of the training courses provided under Appendix A hereto, the Buyer will place a request for exchange to this effect with the Seller. The Buyer may exchange, subject to the Seller's confirmation, the training allowances granted under Appendix A of the present Agreement as follows:

- (i) flight operations training courses as listed under Article 1 of Appendix A may be exchanged for any flight operations training courses described in the Seller's Customer Services Catalog current at the time of the Buyer's request;
- (ii) maintenance training courses as listed under Article 3 of Appendix A may be exchanged for any maintenance training courses described in the Seller's Customer Services Catalog current at the time of the Buyer's request;
- (iii) should any one of the allowances granted thereunder (flight operations or maintenance) have been fully drawn upon, the Buyer will be entitled to exchange flight operations or maintenance training courses as needed against the remaining allowances.

The exchange value will be based on the Seller's Training Course Exchange Matrix applicable at the time of the request for exchange and which will be provided to the Buyer at such time.

It is understood that the above provisions will apply to the extent that training allowances granted under Appendix A remain available to the full extent necessary to perform the exchange.

All requests to exchange training courses will be submitted by the Buyer with a minimum of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] prior notice. The requested training will be subject to the Seller's then existing planning constraints.

- 16.3.5 Should the Buyer use none or only part of the training to be provided pursuant to this Clause 16, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 16.3.6 Should the Buyer decide to cancel or reschedule a training course, fully or partially, and irrespective of the location of the training, a minimum advance notification of at least [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] prior to the relevant training course start date is required.
- 16.3.7 If the notification occurs less than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] but more than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] calendar days prior to such training, a cancellation fee corresponding to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of such training will be, as applicable, either deducted from the training allowance defined in Appendix A or invoiced at the Seller's then applicable price.
- 16.3.8 If the notification occurs less than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] calendar days prior to such training, a cancellation fee corresponding to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of such training will be, as applicable, either deducted from the training allowance defined in Appendix A or invoiced at the Seller's then applicable price.
- 16.3.9 All courses exchanged under Clause 16.3.4 will remain subject to the provisions of this Clause 16.3.

16.4 Prerequisites and Conditions

- 16.4.1 Training will be conducted in English and all training aids used during such training will be written in English using common aeronautical terminology.
- 16.4.2 The Buyer hereby acknowledges that all training courses conducted pursuant to this Clause 16 are standard transition training courses and not *ab initio* training courses.
- 16.4.3 Trainees will have the prerequisite knowledge and experience specified for each course in the Seller's Customer Services Catalog.

16.4.4 The Buyer will be responsible for the selection of the trainees and for any liability with respect to the entry knowledge level of the trainees.

16.4.5 The Seller reserves the right to verify the trainees' proficiency and previous professional experience.

16.4.6 The Seller will provide to the Buyer during the Training Conference an Airbus Pre-Training Survey for completion by the Buyer for each trainee. The Buyer will provide the Seller with an attendance list of the expected trainees for each course, with the validated qualification of each trainee, at the time of reservation of the training course and in no event any later than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] before the start of the training course. The Buyer will return concurrently thereto the completed Airbus Pre-Training Survey, detailing the trainees' associated background. If the Seller determines through the Airbus Pre-Training Survey that a trainee does not match the prerequisites set forth in the Seller's Customer Services Catalog, following consultation with the Buyer, such trainee will be withdrawn from the program or directed through a relevant entry level training program, which will be at the Buyer's expense, and the Buyer will be entitled to substitute a new trainee for the trainee that has been so withdrawn or directed.

16.4.7 If the Seller determines at any time during the training that a trainee lacks the required level, following consultation with the Buyer, such trainee will be withdrawn from the program or, upon the Buyer's request, the Seller may be consulted to direct the above mentioned trainee(s), if possible, to any other required additional training, which will be at the Buyer's expense.

16.4.8 The Seller will in no case warrant or otherwise be held liable for any trainee's performance as a result of any training provided.

16.5 Logistics

16.5.1 Trainees

16.5.1.1 Living and travel expenses for the Buyer's trainees will be borne by the Buyer.

16.5.1.2 It will be the responsibility of the Buyer to make all necessary arrangements relative to authorizations, permits and/or visas necessary for the Buyer's trainees to attend the training courses to be provided hereunder. Rescheduling or cancellation of courses due to the Buyer's failure to obtain any such authorizations, permits and/or visas will be subject to the provisions of Clauses 16.3.6 thru 16.3.8.

16.5.2 Training at External Location - Seller's Instructors

16.5.2.1 In the event of training being provided at the Seller's request at any location other than the Seller's Training Centers, as provided for in Clause 16.2.2, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

16.5.2.2 In the event of training being provided by the Seller's Instructor(s) at any location other than the Seller's Training Centers at the Buyer's request, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

16.5.2.3 Living Expenses

Except as provided for in Clause 16.5.2.1 above, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

16.5.2.4 Air Travel

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

16.5.2.5 Buyer's Indemnity

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the Seller will not be held liable to the Buyer for any delay or cancellation in the performance of any training outside of the Seller's Training Centers associated with any transportation described in this Clause 16.5.2, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

16.5.3 Training Material and Equipment Availability - Training at External Location

Training material and equipment necessary for course performance at any location other than the Seller's Training Centers or the facilities of a training provider selected by the Seller will be provided by the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] in accordance with the Seller's specifications.

Notwithstanding the foregoing, should the Buyer request the performance of a course at another location as per Clause 16.2.3, the Seller may, upon the Buyer's request, provide the training material and equipment necessary for such course's performance. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

16.6 Flight Operations Training

The Seller will provide training for the Buyer's flight operations personnel as further detailed in Appendix A to this Clause 16, including the courses described in this Clause 16.6.

16.6.1 Flight Crew Training Course

The Seller will perform a flight crew training course program for the Buyer's flight crews, each of which will consist of two (2) crew members, who will be either captain(s) or first officer(s).

16.6.2 Base Flight Training

16.6.2.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] performed in accordance with the related Airbus training course definition (the “**Base Flight Training**”).

16.6.2.2 Should it be necessary to ferry the Buyer’s delivered Aircraft to the location where the Base Flight Training will take place, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

16.6.2.3 If the Base Flight Training is performed outside of the zone where the Seller usually performs such training, the ferry flight to the location where the Base Flight Training will take place will be performed by a crew composed of the Seller’s and/or the Buyer’s qualified pilots, in accordance with the relevant Aviation Authority’s regulations related to the place of performance of the Base Flight Training.

16.6.3 Flight Crew Line Initial Operating Experience

In order to assist the Buyer with initial operating experience after Delivery of the first Aircraft, the Seller will provide to the Buyer pilot Instructor(s) as set forth in Appendix A to this Clause 16.

Should the Buyer request, subject to the Seller’s consent, such Seller pilot Instructor(s) to perform any other flight support during the flight crew line initial operating period, such as but not limited to line assistance, demonstration flight(s), ferry flight(s) or any flight(s) required by the Buyer during the period of entry into service of the Aircraft, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

It is hereby understood by the parties that the Seller’s pilot Instructor(s) will only perform the above flight support services to the extent they bear the relevant qualifications to do so.

16.6.4 Type Specific Cabin Crew Training Course

The Seller will provide type specific training for cabin crews at the Seller’s Training Centers.

If the Buyer’s Aircraft is to incorporate special features, the type specific cabin crew training course will be performed no earlier than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] before the scheduled Delivery Date of the Buyer’s first Aircraft.

16.6.5 Training on Aircraft

During any and all flights performed in accordance with this Clause 16.6, the Buyer will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Buyer will assist the Seller, if necessary, in obtaining the validation of the licenses of the Seller's pilots performing Base Flight Training or initial operating experience by the Aviation Authority of the place of registration of the Aircraft.

16.7 Performance / Operations Courses

The Seller will provide performance/operations training for the Buyer's personnel as defined in Appendix A to this Clause 16.

The available courses will be listed in the Seller's Customer Services Catalog current at the time of the course.

16.8 Maintenance Training

16.8.1 The Seller will provide maintenance training for the Buyer's ground personnel at the Seller's Training Centers as further set forth in Appendix A to this Clause 16.

The available courses will be as listed in the Seller's Customer Services Catalog current at the time of the course.

The practical training provided in the frame of maintenance training will be performed on the training devices in use in the Seller's Training Centers.

16.8.2 Practical Training on Aircraft

Notwithstanding Clause 16.8.1 above, upon the Buyer's request, the Seller may provide Instructors for the performance of practical training on aircraft ("**Practical Training**").

Irrespective of the location at which the training takes place, the Buyer will provide at its own cost an aircraft for the performance of the Practical Training.

Should the Buyer require the Seller's Instructors to provide Practical Training at facilities selected by the Buyer, such training will be subject to prior approval of the facilities by the Seller. All costs related to such Practical Training, including but not limited to the Seller's approval of the facilities, will be borne by the Buyer.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] subject to the conditions detailed in Paragraph 4.4 thereof.

16.9 Supplier and Propulsion System Manufacturer Training

Upon the Buyer's request, the Seller will provide to the Buyer the list of the maintenance and overhaul training courses provided by major Suppliers and the applicable Propulsion System Manufacturer on their respective products.

16.10 Proprietary Rights

All proprietary rights, including but not limited to patent, design and copyrights, relating to the Seller's training data and documentation will remain with the Seller and/or its Affiliates and/or its Suppliers, as the case may be.

These proprietary rights will also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

16.11 Confidentiality

The Seller's training data and documentation are designated as confidential and as such are provided to the Buyer for the sole use of the Buyer, for training of its own personnel, who undertakes not to disclose the content thereof in whole or in part, to any third party without the prior written consent of the Seller, save as permitted herein or otherwise pursuant to any government or legal requirement imposed upon the Buyer.

In the event of the Seller having authorized the disclosure of any training data and documentation to third parties either under this Agreement or by an express prior written authorization, the Buyer will cause such third party to agree to be bound by the same conditions and restrictions as the Buyer with respect to the disclosed training data and documentation and to use such training data and documentation solely for the purpose for which they are provided.

16.12 Transferability

Unless otherwise permitted pursuant to Clause 21, the Buyer's rights under this Clause 16 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

16.13 Indemnities and Insurance

INDEMNIFICATION PROVISIONS AND INSURANCE REQUIREMENTS APPLICABLE TO THIS CLAUSE 16 ARE AS SET FORTH IN CLAUSE 19.

THE BUYER WILL PROVIDE THE SELLER WITH AN ADEQUATE INSURANCE CERTIFICATE PRIOR TO ANY TRAINING ON AIRCRAFT.

APPENDIX A TO CLAUSE 16

TRAINING ALLOWANCE

For the avoidance of doubt, all quantities indicated below are the total quantities granted for all Aircraft firmly ordered, unless otherwise specified.

The contractual training courses defined in this Appendix A will be provided [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] under this Agreement.

Notwithstanding the above, flight operations training courses granted per firmly ordered Aircraft in this Appendix A will be provided by the Seller within a period starting [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Any deviation to such training delivery schedule will be mutually agreed between the Buyer and the Seller.

1 FLIGHT OPERATIONS TRAINING

1.1 Flight Crew Training (standard transition course)

The Seller will provide flight crew training (standard transition course) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 Low Visibility Operations Training

The Seller will provide [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Low Visibility Operations Training for [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3 Flight Crew Line Initial Operating Experience

The Seller will provide to the Buyer pilot Instructor(s) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Unless otherwise agreed during the Training Conference, in order to follow the Aircraft Delivery schedule, the maximum number of pilot Instructors present at any one time will be limited to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] pilot Instructors.

1.4 Type Specific Cabin Crew Training Course

The Seller will provide to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] type specific training for cabin crews for up to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5 Airbus Pilot Instructor Course (APIC)

The Seller will provide to the Buyer transition Airbus Pilot Instructor Course(s) (APIC), for flight and synthetic instruction, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the Buyer's flight instructors. APIC courses will be performed in groups of two (2) trainees.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2 PERFORMANCE / OPERATIONS COURSE(S)

The Seller will provide to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of performance / operations training [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for the Buyer's personnel.

3 MAINTENANCE TRAINING

3.1 The Seller will provide to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of maintenance training [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for the Buyer's personnel.

3.2 The Seller will provide to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Engine Run-up courses [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 TRAINEE DAYS ACCOUNTING

Trainee days are counted as follows:

4.1 For instruction at the Seller's Training Centers: one (1) day of instruction for one (1) trainee equals one (1) trainee day. The number of trainees originally registered at the beginning of the course will be counted as the number of trainees to have taken the course.

4.2 For instruction outside of the Seller's Training Centers: one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or a minimum of

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] trainee days, except for structure maintenance training course(s).

- 4.3 For structure maintenance training courses outside the Seller's Training Center(s), one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or the minimum number of trainees as indicated in the Seller's Customer Services Catalog.
- 4.4 For practical training, whether on training devices or on aircraft, one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or a minimum of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

17 EQUIPMENT SUPPLIER PRODUCT SUPPORT

17.1 Equipment Supplier Product Support Agreements

17.1.1 The Seller has obtained enforceable and transferable Supplier Product Support Agreements from all Suppliers of Supplier Parts installed on the Aircraft, the benefit of which is hereby transferred to the Warranty Beneficiary. Such agreements become enforceable as soon as and for as long as an operator is identified as an Airbus aircraft operator. For the avoidance of doubt, transfer to the Warranty Beneficiary of any Supplier Product Support Agreement does not limit the right of the Warranty Beneficiary to enter into any additional agreement with such Supplier on different terms than provided in such Supplier Product Support Agreement.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

17.1.2 These agreements are based on the World Airlines Suppliers Guide, are made available to the Warranty Beneficiary through the SPSA Application, and include Supplier commitments as contained in the Supplier Product Support Agreements which include the following provisions:

- (i) Technical data and manuals required to operate, maintain, service and overhaul the Supplier Parts will be prepared in accordance with the applicable provisions of ATA Specification including revision service and be published in the English language. The Seller will recommend that a software user guide, where applicable, be supplied in the form of an appendix to the Component Maintenance Manual. Such data will be provided in compliance with the applicable ATA Specification;
- (ii) Warranties and guarantees, including standard warranties. In addition, landing gear Suppliers will provide service life policies for selected structural landing gear elements;
- (iii) Training to ensure efficient operation, maintenance and overhaul of the Supplier Parts for the Buyer's instructors, shop and line service personnel;
- (iv) Spares data in compliance with ATA Specification 2200 (iSpec 2200), initial provisioning recommendations, spare parts and logistic service including routine and expedite deliveries;
- (v) Technical service to assist the Warranty Beneficiary with maintenance, overhaul, repair, operation and inspection of Supplier Parts as well as required tooling and spares provisioning.

17.2 Supplier Compliance

The Seller will monitor Suppliers' compliance with support commitments defined in the Supplier Product Support Agreements and will, if necessary, jointly take remedial action with the Warranty Beneficiary. The Seller authorizes the Warranty Beneficiary to enforce directly against all Suppliers all such support commitments to the fullest extent permitted by the applicable Supplier Product Support Agreement.

17.3 Nothing in this Clause 17 will be construed to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

17.4 Familiarization Training

Upon the Buyer's request, the Seller will provide the Warranty Beneficiary with Supplier Product Support Agreements familiarization training at the Seller's facilities in Blagnac, France. An on-line training module will be further available through AirbusWorld, access to which will be subject to the GTC.

18 BUYER FURNISHED EQUIPMENT

18.1 Administration

18.1.1 In accordance with the Specification, the Seller will install those items of equipment that are identified in the Specification as being furnished by the Buyer (“**Buyer Furnished Equipment**” or “**BFE**”), provided that the BFE and the supplier of such BFE (the “**BFE Supplier**”) are referred to in the Airbus BFE Product Catalog valid at the time the BFE Supplier is selected.

18.1.2 Notwithstanding the foregoing and without prejudice to Clause 2.5.2, if the Buyer wishes to install BFE that is not referred to in the Airbus BFE Product Catalog or if the Buyer wishes to use a supplier that is not a BFE Supplier, the Buyer will so inform the Seller and the Seller will, if the Seller deems necessary, complete a feasibility study [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] In addition, it is a prerequisite to such approval that the considered supplier be qualified by the Seller’s Aviation Authorities to produce equipment for installation on civil aircraft. The Buyer will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] cause any BFE supplier approved under this Clause 18.1.2 (each an “**Approved BFE Supplier**”) to comply with the conditions set forth in this Clause 18 and specifically Clause 18.2.

Except for the specific purposes of this Clause 18.1.2, the term BFE Supplier will be deemed to include Approved BFE Suppliers.

18.1.3 The Seller will advise the Buyer of the dates by which, in the planned release of engineering for the Aircraft, the Seller requires from each BFE Supplier a written detailed engineering definition encompassing a Declaration of Design and Performance (the “**BFE Engineering Definition**”). The Seller will provide to the Buyer and/or the BFE Supplier(s), within an appropriate timeframe, the necessary interface documentation to enable the development of the BFE Engineering Definition.

The BFE Engineering Definition will include the description of the dimensions and weight of BFE, the information related to its certification and the information necessary for the installation and operation thereof, including when applicable 3D models compatible with the Seller’s systems. The Buyer will furnish, or cause the BFE Suppliers to furnish, the BFE Engineering Definition by the dates specified.

Thereafter, the BFE Engineering Definition will not be revised, except through an SCN executed in accordance with Clause 2.

18.1.4 The Seller will also provide to the Buyer, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] a schedule of dates and the shipping addresses for delivery of the BFE and, where requested by the Seller, additional spare BFE to permit installation in the Aircraft and Delivery of the Aircraft in accordance with the Aircraft delivery schedule. The Buyer will provide, or cause the BFE Suppliers to provide, the BFE by such dates in a serviceable condition, in order to allow performance of any assembly, installation, test or acceptance process in accordance with the Seller’s industrial schedule. In order to facilitate the follow-up of the timely receipt of BFE, the Buyer will, upon the Seller’s request, provide to the Seller dates and references of all BFE purchase orders placed by the Buyer. The Seller will reasonably cooperate with the Buyer and the BFE Suppliers to help ensure that the BFE is provided to the Seller by the requisite dates in proper and serviceable condition.

The Buyer will also provide, when requested by the Seller, at the Airbus Operations S.A.S. facility in Toulouse, France, and/or the Airbus Operations GmbH Division Hamburger Flugzeugbau facility in Hamburg, Germany, adequate field service including support from BFE Suppliers to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of BFE.

18.1.5 Without prejudice to the Buyer's obligations hereunder, in order to facilitate the development of the BFE Engineering Definition, the Seller will organize meetings between the Buyer and BFE Suppliers. The Buyer hereby agrees to participate in such meetings and to provide adequate technical and engineering expertise to reach decisions within a timeframe specified by the Seller.

In addition, prior to Delivery of the Aircraft to the Buyer, the Buyer agrees:

- (i) to monitor the BFE Suppliers and ensure that they will enable the Buyer to fulfill its obligations, including but not limited to those set forth in the Customization Milestone Chart;
- (ii) that, should a timeframe, quality or other type of risk be identified at a given BFE Supplier, the Buyer will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] allocate resources to such BFE Supplier so as not to jeopardize the industrial schedule of the Aircraft;
- (iii) for major BFE, including, but not being limited to, seats, galleys and IFE ("**Major BFE**") to participate on a mandatory basis in the specific meetings that take place between BFE Supplier selection and BFE delivery, namely:
 - (a) Preliminary Design Review ("**PDR**"),
 - (b) Critical Design Review ("**CDR**");
- (iv) to attend the First Article Inspection ("**FAI**") for the first shipset of all Major BFE. Should the Buyer not attend such FAI, the Buyer will delegate the FAI to the BFE Supplier thereof and confirmation thereof will be supplied to the Seller in writing;
- (v) to attend the Source Inspection ("**SI**") that takes place at the BFE Supplier's premises prior to shipping, for each shipset of all Major BFE. Should the Buyer not attend such SI, the Buyer will delegate the SI to the BFE Supplier and confirmation thereof will be delivered to the Seller in writing. Should the Buyer not attend the SI, the Buyer will be deemed to have accepted the conclusions of the BFE Supplier with respect to such SI.

The Seller will attend the PDR, the CDR and the FAI. In doing so, the Seller's employees will be acting in an advisory capacity only and at no time will they be deemed to be acting as Buyer's employees or agents, either directly or indirectly.

18.1.6 The Seller will have the authority to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The BFE will be imported into France or into Germany by the Buyer under a suspensive customs system (*Régime de l'entrepôt douanier ou -régime de perfectionnement actif* or *Zollager oder Aktive Veredelung*) without application of any French or German tax or customs duty

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

BFE will be delivered to the following shipping addresses:

Airbus Operations S.A.S.
316 Route de Bayonne
31300 Toulouse
France

or

Airbus Operations GmbH
Kreetslag 10
21129 Hamburg
Germany,

or such other location as may be specified by the Seller.

18.2 Applicable Requirements

18.2.1 The Buyer will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] ensure, at its expense, that the BFE will:

- (i) be manufactured by either a BFE Supplier referred to in the Airbus BFE Product Catalog or an Approved BFE Supplier, and

- (ii) meet the requirements of the applicable Specification of the Aircraft, and
- (iii) be delivered with the relevant certification documentation, including but not limited to the DAP (Delivery at Place) according to the Incoterms, and
- (iv) comply with the BFE Engineering Definition, and
- (v) comply with applicable requirements incorporated by reference to the Type Certificate and listed in the Type Certificate Data Sheet, and
- (vi) be approved by the Aviation Authority issuing the Export Airworthiness Certificate and by the Buyer's Aviation Authority for installation and use on the Aircraft at the time of Delivery of the Aircraft, and
- (vii) not infringe any patent, copyright or other intellectual property right of the Seller or any third party, and
- (viii) at the time of delivery to the Seller, not be subject to any legal obligation or other encumbrance that may prevent, hinder or delay the installation of the BFE in the Aircraft and/or the Delivery of the Aircraft.

The Seller will be entitled to refuse any item of BFE that is incompatible with the Specification, the BFE Engineering Definition or the certification requirements.

8.2.2 Unless otherwise provided in this Clause 18, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the Seller will reasonably cooperate with the Buyer and the BFE Suppliers with regard to the timely manufacture, shipment, delivery, certification, design and installation of the BFE and provide for storage of the BFE.

8.3 Buyer's Obligation and Seller's Remedies

8.3.1 Any delay or failure by the Buyer or the BFE Suppliers in:

- (i) complying with the undertakings set forth in Clause 18.2.1 or in providing the BFE Engineering Definition or field service mentioned in Clause 18.1.4, or
- (ii) furnishing the BFE in a serviceable condition at the requested delivery date, or
- (iii) obtaining any required approval for such BFE under the above mentioned Aviation Authorities' regulations,

may delay the performance of any act to be performed by the Seller, including Delivery of the Aircraft. The Seller will not be responsible for a delay in the Delivery of the Aircraft to the extent such delay is caused by a delay or failure by the Buyer or the BFE Suppliers described in the immediately preceding sentence. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8.3.2 In addition, in the event of any delay or failure mentioned in 18.3.1 above, the Seller may [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) select, purchase and install equipment similar to the BFE at issue if such BFE is required to obtain the Export Certificate of Airworthiness for the affected Aircraft, in which event the Final Price of the affected Aircraft will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or
- (ii) if the BFE is delayed by more [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

18.4 Title and Risk of Loss

Title to and risk of loss of any BFE will at all times remain with the Buyer except that risk of loss (limited to cost of replacement of such BFE) will be with the Seller for as long as such BFE is under the care, custody and control of the Seller.

18.5 Disposition of BFE Following Termination

18.5.1 If a termination of this Agreement pursuant to Clause 20 occurs with respect to an Aircraft in which all or any part of the BFE has been installed prior to the date of such termination, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

18.5.2 If a termination of this Agreement pursuant to Clause 20 occurs with respect to an Aircraft in which all or any part of the BFE has been installed prior to the date of such termination [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

18.5.3 If a termination of this Agreement pursuant to Clause 20 occurs with respect to an Aircraft, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

18.5.4 If a termination of this Agreement pursuant to Clause 20 occurs with respect to an Aircraft, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

18.5.5 If a termination of this Agreement by either party pursuant to Clause 11 occurs with respect to an Aircraft in which all or any part of the BFE has been installed prior to the date of such termination, the Seller will, at the Seller's option, either [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

18.5.6 If a termination of this Agreement by either party pursuant to Clause 11 occurs with respect to an Aircraft, for any BFE delivered to the Seller's facilities for such Aircraft but not installed prior to the date of such termination, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 18.5.7 If a termination of this Agreement pursuant to Clause 10 occurs with respect to an Aircraft in which all or any part of the BFE has been installed prior to the date of such termination, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 18.5.8 If a termination of this Agreement pursuant to Clause 10 occurs with respect to an Aircraft in which all or any part of the BFE has been installed prior to the date of such termination, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 18.5.9 If a termination of this Agreement pursuant to Clause 10 occurs with respect to an Aircraft, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 18.5.10 If a termination of this Agreement pursuant to Clause 10 occurs with respect to an Aircraft, and [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 18.5.11 The Seller will notify the Buyer as to those items of BFE [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and, at the Seller's request, the Buyer will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the date of such notice. The Buyer will have no claim against the Seller for damage, loss or destruction of any item of BFE removed from the affected Aircraft and not removed from Seller's facility [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 18.5.12 The Buyer will have no claim against the Seller for damage to or destruction of any item of BFE damaged or destroyed in the process of being removed from the affected Aircraft pursuant to this Clause 18.5, provided that the Seller will use reasonable care in such removal.
- 18.5.13 The Buyer will grant the Seller title to any BFE items that cannot be removed from the affected Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

19 INDEMNITIES AND INSURANCE

The Seller and the Buyer will each be liable for Losses (as defined below) arising from the acts or omissions of its respective directors, officers, agents or employees occurring during or incidental to such party's exercise of its rights and performance of its obligations under this Agreement, except as provided in Clauses 19.1 and 19.2.

19.1 Seller's Indemnities

The Seller will, except in the case of gross negligence or willful misconduct of the Buyer, its directors, officers, agents and/or employees, be solely liable for and will indemnify, defend and hold the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers harmless against all losses, liabilities, claims, damages, costs and expenses, including settlement costs, court costs, expert witness costs and reasonable attorneys' fees ("**Losses**"), arising from:

- (i) claims for injuries to, or death of, the Seller's directors, officers, agents or employees, or loss of, or damage to, property of the Seller or its employees when such Losses result from either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, that result from the Technical Acceptance Flights.

19.2 Buyer's Indemnities

The Buyer will, except in the case of gross negligence or willful misconduct of the Seller, its directors, officers, agents and/or employees, be solely liable for and will indemnify, defend and hold the Seller, its Affiliates, its subcontractors, and each of their respective directors, officers, agents, employees and insurers, harmless against all Losses arising from:

- (i) claims for injuries to, or death of, the Buyer's directors, officers, agents or employees, or loss of, or damage to, property of the Buyer or its employees, when such Losses result from either party's exercise of any right or performance of any obligation under this Agreement, and
- (ii) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, that result from (i) the provision of Seller Representatives services under Clause 15 including services performed on board the aircraft or (ii) the provision of Aircraft Training Services to the Buyer.

19.3 Notice and Defense of Claims

If any claim is made or suit is brought against a party or entity entitled to indemnification under this Clause 19 (the "**Indemnitee**") for damages for which liability has been assumed by the other party under this Clause 19 (the "**Indemnitor**"), the Indemnitee will promptly [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] give notice of such claim or suit to the Indemnitor, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Upon receipt of such notice, the Indemnitor (unless otherwise requested by the Indemnitee) will assume

and conduct the defense, or settlement, of such claim or suit. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Notice of the claim or suit will be accompanied by all information pertinent to the matter as is reasonably available to the Indemnitee and will be followed by such cooperation by the Indemnitee as the Indemnitor or its counsel may reasonably request, at the expense of the Indemnitor.

If the Indemnitor fails or refuses to assume the defense of any claim or suit notified to it under this Clause 19, the Indemnitee will, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] have the right, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to proceed with the defense or settlement of the claim or suit as it deems prudent; [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

19.4 Buyer's Insurance

19.4.1 The Buyer will:

- (i) cause the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents and employees to be named as additional insured under the Buyer's Comprehensive Aviation Legal Liability insurance policies, including War Risk and Allied Perils coverage of the scope covered by AVN 52E (or any then-current equivalent form), and
- (ii) with respect to the Buyer's Hull All Risks and Hull War Risks insurances and Allied Perils, cause the insurers of the Buyer's hull insurance policies to waive all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers.

19.4.2 Any deductible incurred pursuant to this Clause 19.4 will be borne by the Buyer. The Buyer will furnish to the Seller, not less than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] a certificate of insurance, in English, evidencing the limits of liability cover of no less than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and period of insurance coverage in a form reasonably acceptable to the Seller from the Buyer's insurance broker(s), certifying that such policies have been endorsed as follows:

- (i) under the Comprehensive Aviation Legal Liability Insurances, the Buyer's policies are primary and non-contributory to any insurance maintained by the Seller,
- (ii) such insurance can only be cancelled or materially altered by the giving of not less than thirty (30) days (but seven (7) days or such lesser period as may be customarily available in respect of War Risks and Allied Perils) prior written notice thereof to the Seller, and

- (iii) under any such cover, all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers have been waived.

19.5 Seller's Insurance

19.5.1 The Seller will:

- (i) cause the Buyer, its Affiliates and each of their respective directors, officers, agents and employees to be named as additional insured under the Seller's Aviation Legal Liability insurance policies, including War Risk and Allied Perils coverage of the scope covered by AVN 52E (or any then equivalent form), and
- (ii) with respect to the Seller's Hull All Risks and Hull War Risks insurances and Allied Perils, cause the insurers of the Seller's hull insurance policies to waive all rights of subrogation against the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers.

19.5.2 Any deductible incurred pursuant to this Clause 19.5 will be borne by the Seller. The Seller will furnish to the Buyer, not less than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] prior to each Delivery under this Agreement, a certificate of insurance, in English, evidencing the limits of liability cover of no less than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and period of insurance coverage in a form reasonably acceptable to the Buyer from the Seller's insurance broker(s), certifying that such policies have been endorsed as follows:

- (i) under the Comprehensive Aviation Legal Liability Insurances, the Seller's policies are primary and non-contributory to any insurance maintained by the Buyer,
- (ii) such insurance can only be cancelled or materially altered by the giving of not less than thirty (30) days (but seven (7) days or such lesser period as may be customarily available in respect of War Risks and Allied Perils) prior written notice thereof to the Buyer, and
- (iii) under any such cover, all rights of subrogation against the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers have been waived.

20 TERMINATION

20.1 Termination Events

Each of the following will constitute a “**Termination Event**”

- (1) The Buyer or any of its Affiliates commences in any jurisdiction any case, proceeding or other action with respect to the Buyer or any of its Affiliates or their properties relating to bankruptcy, insolvency, reorganization, winding-up, liquidation, dissolution or other relief from, or with respect to, or readjustment of, its debts or obligations.
- (2) An action is commenced in any jurisdiction seeking the appointment of a receiver, trustee, custodian or other similar official for the Buyer or any of its respective Affiliates or for all or any substantial part of their respective assets, and such action remains unstayed, undismissed or undischarged for [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or the Buyer or any of its Affiliates makes a general assignment for the benefit of its creditors.
- (3) An action is commenced in any jurisdiction against the Buyer or any of its respective Affiliates seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of their respective assets, and such action remains unstayed, undismissed or undischarged for [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (4) The Buyer or any of its Affiliates becomes the object, in any jurisdiction, of a case, proceeding or action similar or analogous to any of the events mentioned in Clause 20.1(1), (2) or (3).
- (5) The Buyer or any of its Affiliates is generally not able, or is expected to be unable to, or will admit in writing its inability to, pay its debts as they become due.
- (6) The Buyer or any of its Affiliates commences negotiations with significant creditors, existing or potential, either with the intention of restructuring all or a substantial part of all of its outstanding obligations or in preparation for a bankruptcy filing under the U.S. Bankruptcy Code.
- (7) The Buyer or any of its Affiliates fails to make (i) any payment required to be made under this Agreement or any other material agreement between the Buyer or any of its Affiliates and the Seller or any of its Affiliates when such payment is due, (ii) any Predelivery Payment required to be made under this Agreement when such payment is due, (iii) payment of all or part of the Final Price of any Aircraft required to be made under this Agreement; (iv) any payment to a Lessor with respect to any Leased Aircraft.
- (8) The Buyer repudiates, cancels or terminates this Agreement in whole or in part.
- (9) The Buyer defaults in its obligation to take delivery of an Aircraft as provided in Clause 9.2.

(10) The Buyer or any of its Affiliates defaults in the observance or performance of any other covenant, undertaking or obligation contained in this Agreement or any other material agreement between the Buyer or its Affiliates, on the one hand, and the Seller or its Affiliates on the other hand, provided that, if such breach or default is capable of being cured and such breach or default is not cured within any specified cure period.

(11) Any other event that the parties agree in writing constitutes a Termination Event.

20.2 Remedies in Event of Termination

20.2.1 If a Termination Event occurs, the Buyer will be in material breach of this Agreement, and the Seller can elect any of the following remedies under the applicable law:

- A. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- B. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- C. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- D. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

20.2.2 In the event Seller elects a remedy under any of Clauses 20.2.1(A)(B) or (C), above:

- A. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- B. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- C. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

20.2.3 If the Seller elects a Termination under Clause 20.2.1(D) above:

- A. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - i. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - ii. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- iii. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iv. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- v. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- vi. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- vii. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

B. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

20.2.4 The parties to this Agreement are commercially sophisticated parties acting within the same industry, and represented by competent counsel and the parties expressly agree and declare as follows:

- A. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- B. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- C. the liquidated damages provision of this Clause 20 has been fully negotiated by sophisticated parties represented by counsel, is a material component of the consideration granted and, in the absence of such liquidated damages provision, the consideration would have been materially different.

20.3 Definitions

For purposes of this Clause 20, the terms “Affected Aircraft”, “Applicable Date” and “Escalated Price” are defined as follows:

- i. “**Affected Aircraft**” – any or all Aircraft with respect to which the Seller has cancelled or terminated this Agreement pursuant to Clause 20.2.1 D,
- ii. “**Applicable Date**” – for any Affected Aircraft, the date the Seller issues the notice and [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] pursuant to Clause 20.2.3 B.

- iii. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] **Price** - will have the same meaning as the “Final Price” of the Aircraft as that term is defined in Clause 3.2, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

20.4 Notice of Termination Event

Within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of becoming aware of the occurrence of a Termination Event by the Buyer, the Buyer will notify the Seller of such occurrence in writing, provided, that any failure by the Buyer to notify the Seller will not prejudice the Seller’s rights or remedies hereunder.

20.5 Information Covenants

The Buyer hereby covenants and agrees that, from the date of this Agreement until no further Aircraft are to be delivered hereunder, the Buyer will furnish or cause to be furnished to the Seller the following:

- a. Annual Financial Statements. As soon as available and in any event no later than the date that the Buyer furnishes such annual statements to the Securities and Exchange Commission or successor thereto (the “SEC”) (i) a copy of the SEC Form 10-K filed by the Buyer with the SEC for such fiscal year, or, if no such Form 10-K was filed by the Buyer for such a fiscal year, the consolidated balance sheet of the Buyer and its Subsidiaries, as at the end of such fiscal year and the related consolidated statements of operations, of common stockholders’ equity (deficit) (in the case of the Buyer and its Subsidiaries) and of cash flows for such fiscal year, setting forth comparative consolidated figures as of the end of and for the preceding fiscal year, and examined by any firm of independent public accountants of recognized standing selected by the Buyer and reasonably acceptable to the Seller, whose opinion will not be qualified as to the scope of audit or as to the status of the Buyer as a going concern, and (ii) a certificate of such accounting firm stating that its audit of the business of the Buyer was conducted in accordance with generally accepted auditing standards.
- b. Quarterly Financial Statements. As soon as available and in any event no later than the date that the Buyer furnishes such quarterly statements to the Securities and Exchange Commission or successor thereto, a copy of the SEC Form 10-Q filed by the Buyer with the SEC for such quarterly period, or, if no such Form 10-Q was filed by the Buyer with respect to any such quarterly period, the consolidated balance sheet of the Buyer and its Subsidiaries, as at the end of such quarterly period and the related consolidated statements of operations for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period and in each case setting forth comparative consolidated figures as of the end of and for the related periods in the prior fiscal year, all of which will be certified by an Authorized Officer of the Buyer, subject to changes resulting from audit and normal year-end audit adjustments.
- c. Debt Rescheduling. (i) Promptly upon the Buyer commencing negotiations with one or more of its significant creditors with a view to general readjustment or rescheduling of all or any material part of its indebtedness under circumstances in which a reasonable

business person, in the exercise of prudent business judgment, would conclude that the Buyer would otherwise not be able to pay such indebtedness as it falls due, notice of commencement of such negotiations, and (ii) thereafter timely advice of the progress of such negotiations until such negotiations are terminated or completed.

- d. Acceleration of other indebtedness. Immediately upon knowledge by the Buyer that the holder of any bond, debenture, promissory note or any similar evidence of indebtedness of the Buyer or Affiliate thereof (“**Other Indebtedness**”) has demanded payment, given notice or exercised its right to a remedy having the effect of acceleration with respect to a claimed event of default under any Other Indebtedness, where the impact of the acceleration is likely to have a material adverse effect on the Buyer’s ability to perform its obligations under or in connection with the transactions contemplated by this Agreement, notice of the demand made, notice given or action taken by such holder and the nature and status of the claimed event of default and what the action the Buyer is taking with respect thereto.
- e. Other Information. Promptly upon transmission thereof, copies of any filings and registrations with, and reports to, the SEC by the Buyer or any of its Subsidiaries, and, with reasonable promptness, such other information or documents (financial or otherwise) as the Seller may reasonably request from time to time.

For the purposes of this Clause 20, (x) an “**Authorized Officer**” of the Buyer will mean the Chief Executive Officer, the Chief Financial Officer or any Vice President and above who reports directly or indirectly to the Chief Financial Officer and (y) “**Subsidiaries**” will mean, as of any date of determination, those companies owned by the Buyer whose financial results the Buyer is required to include in its statements of consolidated operations and consolidated balance sheets.

- 0.6 Nothing contained in this Clause 20 will be deemed to waive or limit the Seller’s rights or ability to request adequate assurance under Article 2, Section 609 of the Uniform Commercial Code (the “UCC”). It is further understood that any commitment of the Seller or the Propulsion Systems manufacturer to provide financing to the Buyer will not constitute adequate assurance under Article 2, Section 609 of the UCC.

21 ASSIGNMENTS AND TRANSFERS

21.1 Assignments

Except as hereinafter provided, neither party may sell, assign, novate or transfer its rights or obligations under this Agreement to any person without the prior written consent of the other, except that either party may sell, assign or transfer its rights or obligations under this Agreement to any of its Affiliate without the other party's consent, provided that the assigning party will remain ultimately responsible for fulfillment of all obligations undertaken by such party in this Agreement.

21.2 Assignments on Sale, Merger or Consolidation

The Buyer will be entitled to assign its rights under this Agreement at any time due to a merger, consolidation or a sale of all or substantially all of its assets without the consent of the Seller, provided that:

- (i) the surviving or acquiring entity has executed an assumption agreement, in form and substance reasonably acceptable to the Seller, agreeing to assume all of the Buyer's obligations under this Agreement;
- (ii) at the time, and immediately following the consummation, of the merger, consolidation or sale, no Buyer Termination Event exists or will have occurred and be continuing; and
- (iii) there exists with respect to the surviving or acquiring entity no basis for a Buyer Termination Event.

21.3 Designations by Seller

The Seller may at any time by notice to the Buyer designate facilities or personnel of the Seller or any other Affiliate of the Seller at which or by whom the services to be performed under this Agreement will be performed. Notwithstanding such designation, the Seller will remain ultimately responsible for fulfillment of all obligations undertaken by the Seller in this Agreement.

21.4 Transfer of Rights and Obligations upon Reorganization

In the event that the Seller is subject to a corporate restructuring having as its object the transfer of, or succession by operation of law in, all or a substantial part of its assets and liabilities, rights and obligations, including those existing under this Agreement, to a person (the "**Successor**") that is an Affiliate of the Seller at the time of that restructuring, for the purpose of the Successor carrying on the business carried on by the Seller at the time of the restructuring, such restructuring will be completed without consent of the Buyer following notification by the Seller to the Buyer in writing. The Buyer recognizes that succession of the Successor to the Agreement by operation of law that is valid under the law pursuant to which that succession occurs will be binding upon the Buyer.

21.5 Assignment in Connection with Aircraft Financing

Prior to Delivery of an Aircraft, the Buyer will not resell, lease, or transfer such Aircraft without the Seller's written consent, which consent will not be unreasonably withheld. The Seller will take any

requested action (including, but not limited to, the execution and delivery of a consent and agreement in substantially the form to be agreed by the Buyer and the Seller prior to the Delivery of the first Aircraft) reasonably required for the purpose of causing an Aircraft, at or following Delivery, to be subject to a sale, lease equipment trust, conditional sale, lien or other arrangement for the financing by the Buyer of the Aircraft. However, no such action will require the Seller to divest itself of title to or possession of the Aircraft until Delivery of and payment for the Aircraft.

21.6 Assignment in Connection with Sale or Lease of Aircraft

With the consent of the Seller, not to be unreasonably withheld or delayed, if, following Delivery of an Aircraft, the Buyer sells or leases such Aircraft, the Buyer may assign all or any of its rights under this Agreement to the purchaser or lessee of such Aircraft if the purchaser or lessee of such Aircraft enters into an agreement in substantially the form to be agreed by the Buyer and the Seller prior to the Delivery of the first Aircraft, such agreement to contain provisions whereby the purchaser or lessee agrees to be bound by and comply with all applicable terms of this Agreement.

22 MISCELLANEOUS PROVISIONS

22.1 Data Retrieval

On the Seller's reasonable request, the Buyer will provide the Seller with all the necessary data, as customarily compiled by the Buyer and pertaining to the operation of the Aircraft, to assist the Seller in making an efficient and coordinated survey of all reliability, maintenance, operational and cost data with a view to monitoring the efficient and cost effective operations of the Airbus fleet worldwide.

22.2 Notices

All notices, requests and other communications required or authorized hereunder will be given in writing either by personal delivery to an authorized officer of the party to whom such notice request or other communication is given or by recognized commercial courier that provides signed acknowledgment of receipt, certified air mail (return receipt requested) or facsimile at the addresses and numbers set forth below. The date on which any such notice, request or other communication is so personally delivered, or if such notice, request or other communication is given by recognized commercial courier, certified air mail or facsimile, the date on which received, will be deemed to be the effective date of such notice, request or other communication (provided that notices, requests and other communications received on a day that is not a Business Day or after 5:00 p.m., local time at the place of receipt, on a Business Day will be deemed to have been received on the next Business Day).

The Seller will be addressed at:

Airbus S.A.S.
Attention: Senior Vice President Contracts
1, Rond Point Maurice Bellonte
31707 Blagnac Cedex,
France

Facsimile: 33 (05) 61 93 39 94

The Buyer will be addressed at:

4333 Amon Carter Boulevard
Fort Worth, Texas 76155
United States of America

Facsimile: (817) 967-4313

Attention: Corporate Secretary

From time to time, the party receiving the notice, request or other communication may designate another address or another person by notice given in accordance with this Clause 22.2.

22.3 Waiver

The failure of either party to enforce at any time any of the provisions of this Agreement, to exercise any right herein provided or to require at any time performance by the other party of any of the provisions hereof will in no way be construed to be a present or future waiver of such

provisions nor in any way to affect the validity of this Agreement or any part hereof or the right of the other party thereafter to enforce each and every such provision. The express waiver by either party of any provision, condition or requirement of this Agreement will not constitute a waiver of any future obligation to comply with such provision, condition or requirement.

22.4 International Supply Contract

The Buyer and the Seller recognize that this Agreement is an international supply contract which has been the subject of discussion and negotiation, that all its terms and conditions are fully understood by the parties, and that the Specification and price of the Aircraft and the other mutual agreements of the parties set forth herein were arrived at in consideration of, inter alia, all provisions hereof, specifically including all waivers, releases and remunerations by the Buyer set out herein.

22.5 Certain Representations of the Parties

22.5.1 Buyer's Representations

The Buyer represents and warrants to the Seller:

- (i) the Buyer is a corporation organized and existing in good standing under the laws of the State of Delaware and has the corporate power and authority to enter into and perform its obligations under this Agreement;
- (ii) neither the execution and delivery by the Buyer of this Agreement, nor the consummation of any of the transactions by the Buyer contemplated hereby, nor the performance by the Buyer of the obligations hereunder, constitutes a breach of any agreement to which the Buyer is a party or by which its assets are bound;
- (iii) this Agreement has been duly authorized, executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms, subject as to enforceability to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally and to general principles of equity (whether enforcement is sought in a proceeding at law or in equity).

22.5.2 Seller's Representations

The Seller represents and warrants to the Buyer:

- (i) the Seller is organized and existing in good standing under the laws of the Republic of France and has the corporate power and authority to enter into and perform its obligations under the Agreement;
- (ii) neither the execution and delivery by the Seller of this Agreement, nor the consummation of any of the transactions by the Seller contemplated hereby, nor the performance by the Seller of the obligations hereunder, constitutes a breach of any agreement to which the Seller is a party or by which its assets are bound;
- (iii) this Agreement has been duly authorized, executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller enforceable against the

'Seller in accordance with its terms, subject as to enforceability to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally and to general principles of equity (whether enforcement is sought in a proceeding at law or in equity).

22.6 Interpretation and Law

22.6.1 THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

Each of the Seller and the Buyer hereby irrevocably submits itself to the nonexclusive jurisdiction of the courts of the state of New York, Borough of Manhattan, and of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto. To the extent that either the Buyer or the Seller has or may hereafter acquire any right of immunity, whether characterized as sovereign immunity or otherwise, and whether under the United States Foreign Sovereign Immunities Act of 1976 (or any successor legislation) or otherwise, from any legal proceedings, whether in the United States or elsewhere, to enforce or collect upon this Agreement, including, without limitation, immunity from suit or service of process, immunity from jurisdiction or judgment of any court or tribunal or execution of a judgment, or immunity of any of its property from attachment prior to any entry of judgment, or from attachment in aid of execution upon a judgment, it hereby irrevocably and expressly waives any such immunity, and agrees not to assert any such right or claim in any such proceeding, whether in the United States or elsewhere.

THE PARTIES HEREBY ALSO AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS WILL NOT APPLY TO THIS TRANSACTION.

22.6.2 Service of process in any suit, action or proceeding in respect of any matter as to which the Seller or the Buyer has submitted to jurisdiction under Clause 22.6 may be made (i) on the Seller by delivery of the same personally or by dispatching the same via Federal Express, UPS, or similar international air courier service prepaid, return receipt requested, to CT Corporation, New York City offices as agent for the Seller, it being agreed that service upon CT Corporation will constitute valid service upon the Seller or by any other method authorized by the laws of the State of New York, and (ii) on the Buyer by delivery of the same personally or by dispatching the same by Federal Express, UPS, or similar international air courier service prepaid, return receipt requested to its address in Clause 22.2, or by any other method authorized by the laws of the State of New York.

22.7 Headings

All headings in this Agreement are for convenience of reference only and do not constitute a part of this Agreement.

22.8 Waiver of Jury Trial

EACH OF THE PARTIES HERETO WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM OR CROSS-CLAIM THEREIN.

22.9 Waiver of Consequential Damages

In no circumstances will either party claim or receive consequential, or incidental damages under this Agreement (other than any such damages actually paid to a third party that is not an indemnified party under this Agreement pursuant to a third party claim).

22.10 No Representations Outside of this Agreement

The parties declare that, prior to the execution of this Agreement, they, with the advice of their respective counsel, apprised themselves of sufficient relevant data in order that they might intelligently exercise their own judgments in deciding whether to execute this Agreement and in deciding on the contents of this Agreement. Each party further declares that its decision to execute this Agreement is not predicated on or influenced by any declarations or representations by any other person, party, or any predecessors in interest, successors, assigns, officers, directors, employees, agents or attorneys of any such person or party, except as set forth in this Agreement. This Agreement resulted from negotiation involving counsel for all of the parties hereto and no term herein will be construed or interpreted against any party under the *contra proferentum* or any related doctrine.

22.11 Confidentiality

Subject to any legal or governmental requirements of disclosure, the parties (which for this purpose will include their employees and legal counsel) will maintain the terms and conditions of this Agreement and any reports or other data furnished hereunder strictly confidential, including but not limited to, the Aircraft pricing and delivery schedule (the “**Confidential Information**”). Without limiting the generality of the foregoing, each of the Buyer and the Seller will use its commercially reasonable efforts to limit the disclosure of the contents of this Agreement to the extent legally permissible in (i) any filing required to be made with any governmental agency and will make such applications as will be necessary to implement the foregoing, and (ii) any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto. With respect to any public disclosure or filing, each of the Buyer and the Seller agrees to submit to the other party a copy of the proposed document to be filed or disclosed and will give the other party a reasonable period of time in which to review such document. The Buyer and the Seller will consult with each other prior to the making of any public disclosure or filing, permitted hereunder, of this Agreement or the terms and conditions thereof. Subject to any legal or governmental requirements of disclosure, the parties will agree in writing on any press release or other public disclosure to announce the transactions contemplated by this Agreement.

The provisions of this Clause 22.11 will survive any termination of this Agreement.

22.12 Severability

If any provision of this Agreement should for any reason be held ineffective, the remainder of this Agreement will remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

22.13 Entire Agreement

This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous understanding, commitments or representations whatsoever, whether oral or written. This Agreement will not be amended or modified except by an instrument in writing of even date herewith or subsequent hereto executed by both parties or by their fully authorized representatives.

22.14 Inconsistencies

In the event of any inconsistency between the terms of this Agreement and the terms contained in either (i) the Specification, or (ii) any other Exhibit, in each such case the terms of this Agreement will prevail over the terms of the Specification or any other Exhibit. For the purpose of this Clause 22.14, the term Agreement will not include the Specification or any other Exhibit hereto.

22.15 Language

All correspondence, documents and any other written matters in connection with this Agreement will be in English.

22.16 Counterparts

This Agreement has been executed in two (2) original copies.

Notwithstanding the foregoing, this Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

22.17 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[Remainder of the page is intentionally blank]

IN WITNESS WHEREOF, this Agreement was entered into as of the day and year first above written.

AIRBUS S.A.S.

By: _____

Title: _____

AMERICAN AIRLINES, INC.

By: _____

Title: _____

DELIVERY SCHEDULE

Aircraft Rank	
1 through 10	[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
11 through 15	
16 through 20	
21 through 28	
29 through 37	
38 through 46	
47 through 55	
56 through 63	
64 through 70	
71 through 78	
79 through 85	
86 through 91	
92 through 98	
99 through 104	
105 through 110	
111 through 118	
119 through 125	
126 through 130	
131 through 132	
133 through 140	
141 through 147	
148 through 153	
154 through 159	
160 through 165	
166 through 172	
173 through 178	
179 through 184	
185 through 190	
191 through 197	
198 through 203	

Aircraft Rank	
204 through 209	[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
210 through 215	
216 through 221	
222 through 228	
229 through 234	
235 through 240	
241 through 245	
246 through 250	
251 through 255	
256 through 260	

STANDARD SPECIFICATIONS

The A319 Aircraft Standard Specification is contained in a separate folder.

The A320 Aircraft Standard Specification is contained in a separate folder.

The A321 Aircraft Standard Specification is contained in a separate folder.

FORM OF A SPECIFICATION CHANGE NOTICE

SPECIFICATION CHANGE NOTICE (SCN)	For SCN Number Issue Dated Page
Title : Description : Remarks / References Specification changed by this SCN This SCN requires prior or concurrent acceptance of the following SCN (s):	
Price per aircraft US DOLLARS: AT DELIVERY CONDITIONS: This change will be effective on AIRCRAFT N° and subsequent. Provided approval is received by Buyer approval Seller approval By : By : Date : Date :	

<p style="text-align: center;">SPECIFICATION CHANGE NOTICE (SCN)</p>	<p>For SCN Number Issue Dated Page</p>
<p>Specification repercussion: After contractual agreement with respect to weight, performance, delivery, etc, the indicated part of the specification wording will read as follows:</p>	

<p style="text-align: center;">SPECIFICATION CHANGE NOTICE (SCN)</p>	<p>For SCN Number Issue Dated Page</p>
<p>Scope of change (FOR INFORMATION ONLY)</p>	

FORM OF A MANUFACTURER'S SPECIFICATION CHANGE NOTICE

MANUFACTURER'S SPECIFICATION CHANGE NOTICE (MSCN)	For MSCN Number Issue Dated Page
Title : Description : Effect on weight : <ul style="list-style-type: none"> • Manufacturer's Weight Empty change : • Operational Weight Empty change : • Allowable Payload change : Remarks / References Specification changed by this MSCN	
Price per aircraft US DOLLARS: AT DELIVERY CONDITIONS: This change will be effective on AIRCRAFT N° and subsequent. Provided MSCN is not rejected by Buyer approval Seller approval By : By : Date : Date :	

<p style="text-align: center;">MANUFACTURER'S SPECIFICATION CHANGE NOTICE (MSCN)</p>	<p>For MSCN Number Issue Dated Page</p>
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Specification repercussion:

After contractual agreement with respect to weight, performance, delivery, etc, the indicated part of the specification wording will read as follows:

<p>MANUFACTURER'S SPECIFICATION CHANGE NOTICE (MSCN)</p>	<p>For MSCN Number Issue Dated Page</p>
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Scope of change (FOR INFORMATION ONLY)

SELLER PRICE REVISION FORMULA - 2011

1.1 Base Price

The Base Price as quoted in Clause 3.1 of the Agreement is subject to adjustment for [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 Base Period

The Airframe Base Price has been established in accordance with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3 Indexes

Labor Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Material Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.4 Revision Formula

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5 General Roundings

1.5.1 Roundings

The Labor Index average and the Material Index average [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.2 Substitution of Indexes for [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or

- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.3 Final Index Values

The Index values as defined in Paragraph 1.4 above will be considered final [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.4 Limitation

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

SELLER PRICE REVISION FORMULA -2010

1.1 Base Price

The Base Price as quoted in Clause 3.1 of the Agreement is [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 Base Period

The Airframe Base Price has been [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3 Indexes

Labor Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Material Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.4 Revision Formula

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5 General Roundings

1.5.1 Roundings

The Labor Index average and the Material Index average [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or

- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.3 Final Index Values

The Index values as defined in Paragraph 1.4 above will be considered final [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.4 Limitation

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

CFM INTERNATIONAL PROPULSION SYSTEM PRICE REVISION FORMULA

1.1 Reference Price of the Propulsion System

The Reference Price for a set of two (2) CFM International CFM56-5B6/3 series Propulsion System is as quoted in Clause 3.1.2.1 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.1 of the Agreement.

The Reference Price for a set of two (2) CFM International CFM56-5B4/3 series Propulsion System is as quoted in Clause 3.1.2.2 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.2 of the Agreement.

The Reference Price for a set of two (2) CFM International CFM56-5B3/3 series Propulsion System is as quoted in Clause 3.1.2.3 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.3 of the Agreement.

The Reference Price for a set of two (2) CFM International LEAP-X1A24 series Propulsion System is as quoted in Clause 3.1.2.7 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.4 of the Agreement.

The Reference Price for a set of two (2) CFM International LEAP-X1A26 series Propulsion System is as quoted in Clause 3.1.2.8 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.5 of the Agreement.

The Reference Price for a set of two (2) CFM International LEAP-X1A32 series Propulsion System is as quoted in Clause 3.1.2.9 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.6 of the Agreement.

These Reference Prices are [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED and] in accordance with the provisions of Paragraphs 1.4. and 1.5. hereof.

1.2 Reference Periods

The Reference Price for a set of two (2) CFM International CFM56-5B series Propulsion System has been established in accordance with the economic conditions prevailing for a theoretical delivery in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as

defined by CFM International by the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Reference Price for a set of two (2) CFM International LEAP-X series Propulsion System has been established in accordance with the economic conditions prevailing for a theoretical delivery in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined by CFM International by the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3 Indexes

Labor Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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Material Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.4 Revision Formula

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5 General Provisions

1.5.1 Roundings

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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1.5.2 Final Index Values

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.3 Interruption of Index Publication

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.5 Limitation

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

INTERNATIONAL AERO ENGINES PROPULSION SYSTEM PRICE REVISION FORMULA

1.1 Propulsion System Reference Price

The Reference Price for a set of two (2) International Aero Engines V2524-A5 series Propulsion System is as quoted in Clause 3.1.2.4 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.1 of the Agreement.

The Reference Price for a set of two (2) International Aero Engines V2527-A5 series Propulsion System is as quoted in Clause 3.1.2.5 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.2 of the Agreement.

The Reference Price for a set of two (2) International Aero Engines V2533-A5 series Propulsion System is as quoted in Clause 3.1.2.6 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.3 of the Agreement.

These Reference Prices are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

1.2 Reference Period

The above Reference Price has been established in accordance with the averaged economic conditions prevailing in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined, according to International Aero Engines by the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3 Indexes

Labor Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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Material Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.4 Revision Formula

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5 General Provisions

1.5.1 Roundings

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.2 Final Index Values

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.3 Interruption of Index Publication

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.5 Limitation

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

PRATT AND WHITNEY PROPULSION SYSTEM PRICE REVISION FORMULA

1.1 Reference Price of the Propulsion System

The Reference Price for a set of two (2) Pratt and Whitney PW1124G Propulsion System is as quoted in Clause 3.1.2.10 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.4 of the Agreement.

The Reference Price for a set of two (2) Pratt and Whitney PW1127G Propulsion System is as quoted in Clause 3.1.2.11 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.5 of the Agreement.

The Reference Price for a set of two (2) Pratt and Whitney PW1133G Propulsion System is as quoted in Clause 3.1.2.12 of the Agreement.

This Reference Price applies to the Propulsion System type as specified in Clause 2.3.6 of the Agreement.

These Reference Prices are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

1.2 Base Period

The Reference Price has been established in accordance with the average economic conditions prevailing in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3 Indexes

Labor Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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Material Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Metal Index: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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1.4 Revision Formula

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5 General Provisions

1.5.1 Roundings

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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1.5.2 Substitution of Indexes for Price Revision Formula

If:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.3 Final Index Values

The Index values as defined in Paragraph 1.4 above will be considered final [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.4 Limitation

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

FORM OF CERTIFICATE OF ACCEPTANCE

In accordance with the terms of [clause [—]] of the purchase agreement dated [day] [month] [year] and made between [insert name of the party to the Purchase Agreement] (the “**Customer**”) and Airbus S.A.S. as amended and supplemented from time to time (the “**Purchase Agreement**”), the Technical Acceptance Process (as defined in the Purchase Agreement) relating to one Airbus A3[—]-[—] aircraft, bearing manufacturer’s serial number [—], and registration mark [—], [Customer Airplane Number [—], with two (2) [—] series propulsion systems installed thereon, serial numbers [—] (position #1) and [—] (position #2) (the “**Aircraft**”) has been successfully completed in [Blagnac/Hamburg].

The Customer, [as agent of [insert the name of the lessor/SPC] (the “**Owner**”) pursuant to the [purchase agreement assignment] dated [day] [month] [year], between the Customer and the Owner] hereby accepts the Aircraft for delivery in accordance with the provisions of the Purchase Agreement.

Such acceptance will not impair the rights that may be derived from the warranties, indemnities and performance guaranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the Customer, [as agent of the Owner] has caused this instrument to be executed by its duly authorized representative this day of [month], [year] in [Blagnac/Hamburg].

CUSTOMER [as agent of **OWNER**]

Name:

Title:

Signature:

FORM OF WARRANTY BILL OF SALE

Know all men by these presents that Airbus S.A.S., a *société par actions simplifiée* existing under French law and having its principal office at 1 rond-point Maurice Bellonte, 31707 Blagnac Cedex, FRANCE (the “**Seller**”), was this [day] [month] [year] the owner of the title to the following airframe (the “**Airframe**”), the [engines/propulsion systems] as specified (the “[**Engines/Propulsion Systems**]”) and [all appliances, components, parts, instruments, appurtenances, accessories, furnishings, modules and other equipment of any nature], [excluding buyer furnished equipment (“**BFE**”),] incorporated therein, installed thereon or attached thereto on the date hereof (the “**Parts**”):

AIRFRAME:

AIRBUS Model A3[—]-[—]

DATE OF MANUFACTURE: [—]

[ENGINES/PROPULSION SYSTEMS]:

[Insert name of engine or propulsion system manufacturer] Model [—]

MANUFACTURER’S

SERIAL NUMBER: [—]

ENGINE SERIAL NUMBERS:

LH: [—]

RH: [—]

REGISTRATION MARK: [—]

[and has such title to the BFE as was acquired by it from [insert name of vendor of the BFE] pursuant to a bill of sale dated [month] [year] (the “**BFE Bill of Sale**”).

The Airframe, [Engines/Propulsion Systems] and Parts are hereafter together referred to as the “**Aircraft**”.

The Seller does this day of [month] [year], grant, convey, bargain, sell, transfer, deliver and set over all of its rights, title and interest in and to the Aircraft [and the BFE] to the following entity and to its successors and assigns forever, such Aircraft [and the BFE] to be the property thereof:

[Insert Name/Address of Buyer]
(the “**Buyer**”)

The Seller hereby warrants to the Buyer, its successors and assigns that it has [(i)] good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer and that there is hereby conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others and that the Seller will warrant and defend such title forever against all claims and demands whatsoever [and (ii)] such title to the BFE as Seller has acquired from [insert name of vendor of the BFE] pursuant to the BFE Bill of Sale.

This Warranty Bill of Sale will be governed by and construed in accordance with the laws of [same governing law as the Purchase Agreement].

EXHIBIT E

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its duly authorized representative this day of [month], [year] in [Blagnac/Hamburg].

AIRBUS S.A.S.

Name:

Title:

Signature:

SELLER SERVICE LIFE POLICY – LIST OF ITEMS

1 The Items covered by the Service Life Policy pursuant to Clause 12.2 are those Seller Items of primary and auxiliary structure described hereunder.

2 WINGS - CENTER AND OUTER WING BOX (LEFT AND RIGHT)

2.1 Wing Structure

2.1.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Fittings

2.2.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3 Auxiliary Support Structure

2.3.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.1.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.1.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.2.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.2.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.3.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.3.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4 Pylon

2.4.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.1.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.1.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.1.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 FUSELAGE

3.1 Fuselage structure

3.1.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.5 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.6 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.8 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Fittings

3.2.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 STABILIZERS

4.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.1.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.1.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.1.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.1.5 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.1.5.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.1.5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.2 Vertical Stabilizer Main Structural Box

4.2.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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TECHNICAL DATA INDEX

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EXHIBIT G

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STRUCTURAL MANUALS

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OVERHAUL DATA

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ENGINEERING DOCUMENTS

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EXHIBIT H
MATERIAL
SUPPLY AND SERVICES

1. GENERAL

1.1 Scope

1.1.1 This Exhibit H sets forth the terms and conditions for the support and services offered by the Seller to the Buyer with respect to Material (as defined below).

1.1.2 References made to Articles will be deemed to refer to articles of this Exhibit H unless otherwise specified.

1.1.3 For purposes of this Exhibit H:

- (i) The term “**Supplier**” will mean any supplier providing any of the Material listed in Article 1.2.1 and the term “**Supplier Part**” will mean an individual item of Material.
- (ii) The term “**SPEC 2000**” means the “E-Business Specification for Materials Management” document published by the Air Transport Association of America.

1.2 Material Categories

1.2.1 Each of the following constitutes “**Material**” for purposes of this Exhibit H:

- (i) Seller Parts;
- (ii) Supplier Parts classified as Repairable Line Maintenance Parts (as defined in SPEC 2000);
- (iii) Supplier Parts classified as Expendable Line Maintenance Parts (as defined in SPEC 2000); and
- (iv) Seller and Supplier ground support equipment and specific-to-type tools.

where “**Seller Parts**” means Seller’s proprietary parts bearing a part number of the Seller or for which the Seller has the exclusive sales rights.

1.2.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2.3 Airworthiness Certification

The Seller represents and warrants that each Material is manufactured under an approval granted or accepted by the FAA under 14 C.F.R. Part 21 of the Federal Aviation Regulations. Upon delivery to the Buyer, the Seller will provide with each Material a certification that the Material has been approved or accepted by the FAA under 14 C.F.R. Part 21.

Acceptable certification documents include the following:

- Federal Aviation Administration – FAA Form 8130-3 Airworthiness Approval Tag
- Joint Aviation Authorities – JAA Form One Authorized Release Certificate
- European Aviation Safety Agency – EASA Form One Authorized Release Certificate
- Transport Canada – TC Form 24-0078 Authorized Release Certificate

- A Certificate of Conformance or Material Certification Document that lists the parts by Manufacturer's part number and condition, and contains a signed statement certifying that such parts are aeronautical replacement parts listing the specific FAA approval or acceptance criteria applicable to such parts.

To meet the above criteria, it is permissible for the Seller to provide the Buyer with copies of certification documents originally supplied to the Seller with shipments of Material prior to the transfer of the Material to the Buyer. The original certification documents are required to meet certification requirements stated above and the original copies, if not provided to the Buyer with the shipments, will remain on file at the Seller's facility.

1.3 Term

During a period commencing on the date hereof and continuing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the Seller will maintain, or cause to be maintained, a reasonable stock of Seller Parts.

1.4 Airbus Material Store

1.4.1 US Spares Center

The Seller has established and will maintain or cause to be maintained, during the Term, a US store ("**US Spares Center**"). The US Spares Center will be operated twenty-four (24) hours per day, seven (7) days per week, for the handling of AOG and critical orders for Seller Parts

1.4.2 Material Support Center, Germany

The Seller has established its material headquarters in Hamburg, Germany (the "**Airbus Material Center**") and will, during the Term, maintain, or have maintained on its behalf, a central store of Seller Parts. The Airbus Material Center will be operated twenty-four (24) hours per day, seven (7) days per week.

1.4.3 Other Points of Shipment

1.4.3.1 In addition to the AACS Spares Center and the Airbus Material Center, the Seller and its Affiliates operate a global network of regional satellite stores (The "**Regional Satellite Stores**"). A list of such stores will be provided to the Buyer upon the Buyer's request.

1.4.3.2 Subject to Article 1.4.1, the Seller reserves the right to effect deliveries from distribution centers other than the US Spares Center or the Airbus Material Center, which may include the Regional Satellite Stores or any other production or Supplier's facilities.

1.4.4 The Seller will use its commercially reasonable efforts to deliver Seller Parts to the Buyer from any Material store specified in Clause 1.4.1, 1.4.2, or 1.4.3.

1.5 INTENTIONALLY LEFT BLANK

1.6 Customer Order Desk

The Seller operates a "**Customer Order Desk**", the main functions of which are:

- (i) Management of order entries for all priorities, including Aircraft On Ground (“AOG”);
- (ii) Management of order changes and cancellations;
- (iii) Administration of Buyer’s routing instructions;
- (iv) Management of Material returns;
- (v) Clarification of delivery discrepancies; and
- (vi) Issuance of credit and debt notes.

The Buyer hereby agrees to communicate its orders for Material to the Customer Order Desk either in electronic format (SPEC 2000) or via the Internet.

1.7 Commitments of the Buyer

1.7.1 The Buyer may [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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2 INITIAL PROVISIONING

2.1 Period

The initial provisioning period commences with the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (“**Initial Provisioning Period**”).

2.2 Pre-Provisioning Meeting

2.2.1 The Seller will organize a pre-provisioning meeting at US Spares Center or at the Airbus Material Center, or at any other agreed location, for the purpose of setting an acceptable schedule and working procedure for the preparation of the initial issue of the Provisioning Data and the Initial Provisioning Conference referred to in Articles 2.3 and 2.4 below (the “**Pre-Provisioning Meeting**”).

During the Pre-Provisioning Meeting, the Seller will familiarize the Buyer with the provisioning processes, methods and formulae of calculation and documentation.

2.2.2 The Pre-Provisioning Meeting will take place on an agreed date that is no later than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] prior to Scheduled Delivery Month of the first Aircraft, allowing a minimum preparation time of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for the Initial Provisioning Conference.

2.3 Initial Provisioning Conference

The Seller will organize an initial provisioning conference at the US Spares Center or at the Airbus Material Center (the “**Initial Provisioning Conference**”), the purpose of which will be to agree the material scope and working procedures to accomplish the initial provisioning of Material (the “**Initial Provisioning**”).

The Initial Provisioning Conference will take place at the earliest [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4 Provisioning Data

2.4.1 Provisioning data generally in accordance with SPEC 2000, Chapter 1, for Material described in Articles 1.2.1 (i) through 1.2.1 (iv) (“**Provisioning Data**”) will be supplied by the Seller to the Buyer in the English language, in a format and timeframe to be agreed during the Pre-Provisioning Meeting.

2.4.1.1 Unless a longer revision cycle has been agreed, the Provisioning Data will be revised [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.1.2 The Seller will ensure that Provisioning Data is provided to the Buyer in time to permit the Buyer to perform any necessary evaluation and to place orders in a timely manner.

2.4.1.3 Provisioning Data generated by the Seller will comply with the configuration of the Aircraft as documented [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] before the date of issue.

This provision will not cover:

- (i) Buyer modifications not known to the Seller,
- (ii) other modifications not approved by the Seller's Aviation Authorities.

2.4.2 Supplier-Supplied Data

Provisioning Data relating to each Supplier Part (both initial issue and revisions) will be produced by Supplier thereof and may be delivered to the Buyer either by the Seller or such Supplier. It is agreed and understood by the Buyer that the Seller will not be responsible for the substance, accuracy and quality of such data. Such Provisioning Data will be provided in either SPEC 2000 format or any other agreed format.

2.4.3 Supplementary Data

The Seller will provide the Buyer with data supplementary to the Provisioning Data, comprising local manufacture tables, ground support equipment, specific-to-type tools and a pool item candidate list.

2.5 Commercial Offer

Upon the Buyer's request, the Seller will submit a commercial offer for Initial Provisioning Material which will include a delivery date for such Initial Provisioning Material.

2.6 Delivery of Initial Provisioning Material

2.6.1 During the Initial Provisioning Period, Initial Provisioning Material will conform to the latest known configuration standard of the Aircraft for which such Material is intended as reflected in the Provisioning Data transmitted by the Seller.

2.6.2 The delivery of Initial Provisioning Material will take place (i) according to the conditions specified in the commercial offer mentioned in Article 2.5 and (ii) at a location designated by the Buyer.

2.6.3 All Initial Provisioning Material will be packaged in accordance with ATA 300 Specification.

2.6.4 Shortages, Overshipments, Non-Conformity in Orders

The Buyer will, within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] after delivery of Material pursuant to a purchase order, advise the Seller:

- a) of any alleged shortages or over shipments, and

b) of any non-conformities of delivered Material.

In the event of the Buyer not having advised the Seller of any such alleged shortages, over shipments or non-conformity within the above-defined period, the Buyer will be deemed to have accepted the delivery.

In the event of the Buyer reporting over shipments or non-conformity to the specifications within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the Seller will, if the Seller recognizes such over shipment or non-conformity, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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3. OTHER MATERIAL SUPPORT

3.1 As of the date hereof, the Seller currently offers various types of parts support through the Customer Services Catalog on the terms and conditions set forth therein from time to time, including, but not limited to the lease of certain Seller Parts, the repair of Seller Parts and the sale or lease of ground support equipment and specific-to-type tools.

3.2 Unless otherwise agreed in the commercial offer subject to Clause 2.5 lead times will be in accordance with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Seller Parts as per Article 1.2.1(i) listed in the Seller’s Spare Parts Price Catalog will be dispatched within the lead times [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Lead times for Seller Parts as per Article 1.2.1(i), [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Material defined in Articles 1.2.1(ii) through 1.2.1(vi) will be dispatched [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 WARRANTIES

4.1 Seller Parts

Subject to the limitations and conditions as hereinafter provided, the Seller warrants to the Buyer that all Seller Parts, sold under this Exhibit H will at delivery to the Buyer:

- (i) be free from defects in material.
- (ii) be free from defects in workmanship, including without limitation processes of manufacture.
- (iii) be free from defects in design having regard to the state of the art of such design; and
- (iv) be free from defects arising from failure to conform to the applicable specification for such part.

4.1.1 Warranty Period

4.1.1.1 The warranty period for Seller Parts is [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] from delivery of such parts to the Buyer.

4.1.1.2 Whenever any Seller Part that contains a defect for which the Seller is liable under Article 4.1 has been corrected, replaced or repaired pursuant to the terms of this Article 4.1, the period of the Seller's warranty with respect to such corrected, repaired or replacement Seller Part, as the case may be, will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.1.2 Buyer's Remedy and Seller's Obligation

The Buyer's remedy and Seller's obligation and liability under this Article 4.1 are, at the Seller's expense, (a) the repair, replacement or correction, at the Seller's expense, of any Seller Part that is defective (or the supply of modification kits rectifying the defect) or (b) the reimbursement of the cost to the Buyer for a replacement for the defective Seller Part and any other materials installed, incorporated, consumed or expended by the Buyer in performing such repair, replacement or correction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The provisions of Clauses 12.1.5 through 12.1.9 of the Agreement will apply to claims made pursuant to this Article 4.1.

4.2 Supplier Parts

With respect to Supplier Parts to be delivered to the Buyer under this Exhibit H, the Seller agrees to transfer to the Buyer the benefit of any warranties, which the Seller may have obtained from the corresponding Suppliers.

4.3 Waiver, Release and Renunciation

THIS ARTICLE 4 (INCLUDING ITS SUBPARTS) SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER

EXHIBIT H

UNDER THIS EXHIBIT H OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY SELLER PART, MATERIAL, LEASED PART, OR SERVICES DELIVERED BY THE SELLER UNDER THIS EXHIBIT H.

THE BUYER RECOGNIZES THAT THE RIGHTS, WARRANTIES AND REMEDIES IN THIS ARTICLE 4 ARE ADEQUATE AND SUFFICIENT TO PROTECT THE BUYER FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN THE SELLER PARTS, MATERIALS, LEASED PARTS, OR SERVICES SUPPLIED UNDER THIS EXHIBIT H. THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER AND ITS SUPPLIERS, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY SELLER PART, MATERIAL, LEASED PART, OR SERVICES DELIVERED BY THE SELLER UNDER THIS EXHIBIT H, INCLUDING BUT NOT LIMITED TO:

- (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (2) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (3) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;
- (4) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO, ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;
- (5) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;
- (6) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;
- (7) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:
 - (a) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THE AGREEMENT;
 - (b) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THE AGREEMENT;
 - (c) LOSS OF PROFITS AND/OR REVENUES;

(d) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES PROVIDED BY THIS EXHIBIT H WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT EXECUTED AND DELIVERED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS ARTICLE 4 SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE UNENFORCEABLE, THE REMAINDER OF THIS ARTICLE 4 WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS ARTICLE 4, THE "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUPPLIERS, SUBCONTRACTORS AND AFFILIATES.

4.4 Duplicate Remedies

The remedies provided to the Buyer under this Article 4 as to any part thereof are mutually exclusive and not cumulative. The Buyer will be entitled to the remedy that provides the maximum benefit to it, as the Buyer may elect, pursuant to the terms and conditions of this Article 4 for any particular defect for which remedies are provided under this Article 4; provided, however, that the Buyer will not be entitled to elect a remedy under one part of this Article 4 that constitutes a duplication of any remedy elected by it under any other part hereof for the same defect. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5. COMMERCIAL CONDITIONS

5.1 Delivery Terms

All Material prices are quoted on the basis of Free Carrier (FCA) delivery terms, without regard to the place from which such Material is shipped. The term "Free Carrier (FCA)" is as defined by 2010 publication of the International Chamber of Commerce.

5.2 Payment Procedures and Conditions

All payments under this Exhibit H will be made in accordance with the terms and conditions set forth in the then current Customer Services e-Catalog, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Title

Title to any Material purchased under this Exhibit H will remain with the Seller until full payment of the invoices and interest thereon, if any, has been received by the Seller.

The Buyer hereby undertakes that Material title to which has not passed to the Buyer, will be kept free from any debenture or mortgage or any similar charge or claim in favour of any third party.

6. EXCUSABLE DELAY

Clauses 10.1 and 10.2 of the Agreement will apply, *mutatis mutandis*, to all Material support and services provided under this Exhibit H.

7. TERMINATION OF MATERIAL PROCUREMENT COMMITMENTS

If the Agreement is terminated with respect to any Aircraft, the Seller will have the right to suspend deliveries to the Buyer under this Exhibit H and terminate the terms of this Exhibit H with respect to such Aircraft. If the Seller terminates the terms of this Exhibit H with respect to any Aircraft, then the Seller will have no further obligations and the Buyer will have no further rights under this Exhibit H with respect to such Aircraft.

8. INCONSISTENCY

In the event of any inconsistency between this Exhibit H and the Customer Services Catalog or any order placed by the Buyer, this Exhibit H will prevail to the extent of such inconsistency.

INDEX OF LETTER AGREEMENTS

1. Letter Agreement No. 1 – Leasing Matters
 2. Letter Agreement No. 2 – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 3. Letter Agreement No. 3 – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 4. Letter Agreement No. 4 – Option Aircraft
 5. Letter Agreement No. 5 – Flexibility
 6. Letter Agreement No. 6 – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 7. Letter Agreement No. 7 – *Reserved*
 8. Letter Agreement No. 8 – *Reserved*
 9. Letter Agreement No. 9 – Miscellaneous
 10. Letter Agreement No. 10 – Support Matters
 11. Letter Agreement No. 11 – Performance Guarantees
 12. Letter Agreement No. 12 – *Reserved*
 13. Letter Agreement No. 13 – *Reserved*
 14. Letter Agreement No. 14 – NEO [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Aircraft
 15. Letter Agreement No. 15 – Seller Parts and Seller Services
 16. Letter Agreement No. 16 – Specification Matters
 17. Letter Agreement No. 17 – Termination
 18. Letter Agreement No. 18 – *Reserved*
- 22.17.1

AMERICAN AIRLINES A319 CUSTOMIZATION BUDGET PROPOSAL
Based on Standard Specification A319-100 issue 7.0 dated 20 June 2011

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Prepared by Airbus Americas Technical Contracts

PROPRIETARY AND CONFIDENTIAL

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[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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PROPRIETARY AND CONFIDENTIAL

LETTER AGREEMENT NO. 2

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 2 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale or lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 A319 AIRCRAFT

1.1 In respect of each A319 Aircraft that is sold by the Seller and purchased by the Buyer, the Seller will provide to the Buyer the following [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
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1.2 The A319 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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2 A320 AIRCRAFT

2.1 In respect of each A320 Aircraft that is sold by the Seller and purchased by the Buyer, the Seller will provide to the Buyer the following [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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2.2 The A320 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3 The A320 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 A321 AIRCRAFT

3.1 In respect of each A321 Aircraft that is sold by the Seller and purchased by the Buyer, the Seller will provide to the Buyer the following [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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4 A319 NEO AIRCRAFT

- 4.1 In respect of each A319 NEO Aircraft, the Seller will provide to the Buyer the following [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
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4.2 The A319 NEO [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.3 The A319 NEO [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5 A320 NEO AIRCRAFT

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.3 The A320 NEO [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 A321 NEO AIRCRAFT

- 6.1 In respect of each A321 NEO Aircraft, the Seller will provide to the Buyer the following [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
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- 7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 7.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 7.1.1 Paragraph 4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to the Agreement is deleted and replaced with the following quoted text:
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7.1.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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7.1.3 Paragraph 5.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to the Agreement is deleted and replaced with the following quoted text:

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[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3.1 For each Aircraft that is sold by the Seller and purchased by the Buyer and delivered to the Buyer on or before [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3.2 For each Aircraft that is sold by the Seller and purchased by the Buyer and delivered to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II)“ WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3.4 For the avoidance of doubt, all references in the Agreement to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

9 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

10 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By:

Its:

LETTER AGREEMENT NO. 3

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A320 Family Aircraft Purchase Agreement dated as of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 3 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale or lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 DEFINITIONS

Clause 0 of the Agreement is amended to delete in its entirety the defined term “[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]”

2 COMMITMENT FEE

Clause 5.2 of the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

The Seller acknowledges receipt from the Buyer of payment in the amount of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] which represents [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

UNQUOTE

3 PREDELIVERY PAYMENTS

3.1 Clauses 5.3.1, 5.3.2, 5.3.3 and 5.3.4 of the Agreement are deleted in their entirety and replaced with the following quoted text:

QUOTE

5.3.1 Except as expressly set forth in the Agreement, Predelivery Payments are [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and will be paid by the Buyer to the Seller for the Aircraft.

5.3.2 INTENTIONALLY LEFT BLANK

5.3.3 The Buyer has paid or will pay Predelivery Payments to the Seller [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] in accordance with the following schedule (the “**Predelivery Payments**”):

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

5.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

UNQUOTE

3.2 Clause 5.3.5 is deleted in its entirety and replaced with the following quoted text:

QUOTE

5.3.5 Leased Aircraft Matters

The Buyer will pay [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

UNQUOTE

4 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

5 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

6 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____

Its:

LETTER AGREEMENT NO. 4

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: OPTION AIRCRAFT

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 4 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 DEFINITIONS

Clause 0 of the Agreement is amended to either modify or add the following defined terms between the words “QUOTE” and “UNQUOTE”:

QUOTE

Additional Options – as defined in Paragraph 2.2.1 of Letter Agreement No. 4 hereto.

Additional Option Aircraft – all of the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Aircraft set forth in Schedule IB hereto that the Buyer has the option to purchase from the Seller subject to the terms and conditions hereof.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Additional Option Exercise Notice – as defined in Paragraph 2.2.3 of Letter Agreement No. 4 hereto.

Additional Option Exercise Notice Date – as defined in Paragraph 2.2.3 of Letter Agreement No. 4 hereto.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft – all of the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Aircraft set forth in Schedule IIB hereto that the Buyer has the option to purchase from the Seller subject to the terms and conditions hereof.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Option Aircraft – any or all of the CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Aircraft set forth in Schedule III that the Buyer has the option to purchase from the Seller subject to the terms and conditions hereof.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Option – as defined in Paragraph 2.1.1 of Letter Agreement No. 4 hereto.

Option Aircraft – any or all of the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Aircraft set forth in Schedule IA that the Buyer has the option to purchase from the Seller subject to the terms and conditions hereof.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Predelivery Payment – any of the payments determined in accordance with Clause 5.3, Paragraphs 2.1.4.2, 2.2.4.2, 2.3.4.2, 2.4.4.2, 2.5.4.2 and 3.3.2 of Letter Agreement No. 4 hereto.

Purchase Right – as defined in Paragraph 3.1 of Letter Agreement No. 4 hereto.

Purchase Right Aircraft – any or all of the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Aircraft that the Buyer has the right to purchase from the Seller subject to the terms and conditions hereof.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Scheduled Delivery Month – as defined in Clause 9.1 or as otherwise provided in this Agreement.

Scheduled Delivery Quarter – as defined in Clause 9.1 or as otherwise provided in this Agreement.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Option Aircraft – any or all of the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Aircraft set forth in Schedule IIA that the Buyer has the option to purchase from the Seller subject to the terms and conditions hereof.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

UNQUOTE

2 OPTION AIRCRAFT

2.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft

2.1.1 Option to Firmly Order

The Seller hereby grants the Buyer the option (the “**Option**”) to purchase the Option Aircraft subject to the terms and conditions set forth in this Paragraph 2.1.

2.1.2 Delivery

The Seller will have the Option Aircraft Ready for Delivery at the Delivery Location within the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.3 Option Exercise

If the Buyer wishes to exercise any Option, it will do so as follows:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and Predelivery Payments

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.4.1 Predelivery Payments

Predelivery Payments for each Option Aircraft will be paid according to the following schedule:

[CONTINUED ON NEXT PAGE]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Except as set forth herein, Clause 5.3 of the Agreement will apply to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.5 Option Lapse

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft

2.2.1 Option to Firmly Order Additional Option Aircraft

The Seller hereby grants the Buyer the option (the “**Additional Options**”) to purchase the Additional Option Aircraft subject to the terms and conditions set forth in this Paragraph 2.2.1.

2.2.2 Delivery

The Seller will have the Additional Option Aircraft Ready for Delivery at the Delivery Location within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2.3 Additional Options Exercise

If the Buyer wishes to exercise any of the Additional Options, it will do so as follows:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2.4 Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Predelivery Payments

2.2.4.1 Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2.4.2 Predelivery Payments

Predelivery Payments for each Additional Option Aircraft will be paid according to the following schedule:

[CONTINUED ON NEXT PAGE]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Except as set forth herein, Clause 5.3 of the Agreement will apply to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2.5 Additional Option Lapse

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft

2.3.1 Option to Firmly Order

The Seller hereby grants the Buyer the option (the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]) to purchase the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft subject to the terms and conditions set forth in this Paragraph 2.3.

2.3.2 Delivery

The Seller will have the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft Ready for Delivery at the Delivery Location within the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Exercise

If the Buyer wishes to exercise any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] it will do so as follows:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Predelivery Payments

2.3.4.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.4.2 Predelivery Payments

Predelivery Payments for each [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft will be paid according to the following schedule:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Except as set forth herein, Clause 5.3 of the Agreement will apply to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3.5 Option Lapse

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4 Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft

2.4.1 Option to Firmly Order Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft

The Seller hereby grants the Buyer the option (the “**Additional** [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] **Option**”) to purchase the Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft subject to the terms and conditions set forth in this Paragraph 2.4.

2.4.2 Delivery

The Seller will have the Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft Ready for Delivery at the Delivery Location within the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.3 Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Exercise

If the Buyer wishes to exercise the Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option, it will do so as follows:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.4 Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Predelivery Payments

2.4.4.1 Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.4.2 Predelivery Payments

Predelivery Payments for each Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft will be paid according to the following schedule:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Except as set forth herein, Clause 5.3 of the Agreement will apply to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.4.5 Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Lapse

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.5 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft

2.5.1 Option to Firmly Order

The Seller hereby grants the Buyer the option (the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to purchase the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft subject to the terms and conditions set forth in this Paragraph 2.5.

2.5.2 Delivery

The Seller will have the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft Ready for Delivery at the Delivery Location within the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.5.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Exercise

If the Buyer wishes to exercise any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option, it will do so as follows:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.5.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and Predelivery Payments

2.5.4.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.5.4.2 Predelivery Payments

Predelivery Payments for each [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft will be paid according to the following schedule:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Except as set forth herein, Clause 5.3 of the Agreement will apply to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.5.5 Option Lapse

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 PURCHASE RIGHT AIRCRAFT

3.1 The Seller hereby grants the Buyer the right (the “**Purchase Right**”) to purchase the Purchase Right Aircraft subject to the terms and conditions set forth in this Paragraph 3.

3.2 Purchase Right Exercise

The Buyer will exercise its Purchase Right as follows:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

3.3 Purchase Right Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Predelivery Payments

3.3.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.2 Predelivery Payments for each Purchase Right Aircraft will be paid according to the following schedule:

[CONTINUED ON NEXT PAGE]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Except as set forth herein, Clause 5.3 of the Agreement will apply to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 GENERAL PROVISIONS APPLICABLE TO THIS LETTER AGREEMENT

4.1 The Base Price of the Propulsion System for any Option Aircraft, Additional Option Aircraft, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft, Additional [CONFIDENTIAL PORTION HAS BEEN OMITTED

BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Option Aircraft and Purchase Right Aircraft that is firmly ordered hereunder will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.2 Notwithstanding any provision of the Agreement or this Letter Agreement, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

6 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

7 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____

Its:

OPTION AIRCRAFT DELIVERY SCHEDULE

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL
IF PUBLICLY DISCLOSED]

ADDITIONAL OPTION AIRCRAFT DELIVERY SCHEDULE

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL
IF PUBLICLY DISCLOSED]

SCHEDULE IIA

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] OPTION AIRCRAFT DELIVERY SCHEDULE

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL
IF PUBLICLY DISCLOSED]

SCHEDULE IIB

ADDITIONAL [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] OPTION AIRCRAFT DELIVERY SCHEDULE

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

SCHEDULE III

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] OPTION AIRCRAFT DELIVERY SCHEDULE

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 5

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: FLEXIBILITY

Dear Ladies and Gentlemen,

American Airlines, Inc. (the "**Buyer**") and Airbus S.A.S. (the "**Seller**") have entered into an A320 Family Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the "**Agreement**") which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 5 (this "**Letter Agreement**") certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 DEFINITIONS

Clause 0 to the Agreement is amended to either modify or add the following defined terms between the words “QUOTE” and “UNQUOTE”:

QUOTE

Leased A319 Aircraft – any or all of the Leased Aircraft that are A319 Aircraft.

Purchase A319 NEO Aircraft – any or all of the Purchase Aircraft that are A319 NEO Aircraft.

UNQUOTE

2 TYPE FLEXIBILITY

2.1 Conversion Rights

2.1.1 The Seller grants the Buyer a one-time right to (A) convert A320 Family Aircraft to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] type (with respect to each such Aircraft, a “**Conversion Right**”) and (B) convert A320 Family NEO Aircraft to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (with respect to each such Aircraft, a “**NEO Conversion Right**”), subject to the following limitations:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (v) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (vi) The NEO Conversion Right will not apply to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (vii) In connection with the Buyer's exercise of the Conversion Right or the NEO Conversion Right with respect to any Aircraft, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Conversion Right Exercise

The Buyer will exercise its Conversion Right or NEO Conversion Right subject to the following terms and conditions:

- (i) The Buyer must give written notice to the Seller of its desire to exercise any Conversion Right or NEO Conversion Right no later than: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Each such notice received from the Buyer will specify the type of Aircraft selected by the Buyer.
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 RESCHEDULING RIGHTS

3.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(v) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(vi) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Exercise

The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will exercise its [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] subject to the following terms and conditions:

(i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(v) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (v) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] A320 NEO FAMILY AIRCRAFT

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

5 GENERAL PROVISIONS APPLICABLE TO THIS LETTER AGREEMENT

5.1 Nothing contained in this Letter Agreement will oblige the Seller to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 Notwithstanding any provision of the Agreement or this Letter Agreement, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

7 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

8 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____

Its:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL
IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 6

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A320 Family Aircraft Purchase Agreement dated as of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 6 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale or lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms “**herein**,” “**hereof**” and “**hereunder**” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.1 Defined Terms

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]r.

“**Seller Party**” means the Seller or any Affiliate of the Seller.

1.2 Commitment to the Buyer

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2 EXCLUSIONS

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 ADMINISTRATION

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

5 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

6 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: _____
Its:

LETTER AGREEMENT NO. 9

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: MISCELLANEOUS

Dear Ladies and Gentlemen,

American Airlines, Inc. (the "**Buyer**") and Airbus S.A.S. (the "**Seller**") have entered into an Airbus A320 Family Aircraft Purchase Agreement dated as of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the "**Agreement**"), which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 9 (this "**Letter Agreement**") certain additional terms and conditions regarding the sale or lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 DEFINITIONS

Clause 0 of the Agreement is amended to add the following defined term between "QUOTE" and "UNQUOTE".

QUOTE

Leasing Documentation – as defined in Letter Agreement No. 1.

UNQUOTE

2 CERTIFICATIONS

Clause 7 of the Agreement is deleted in its entirety and is replaced with Clause 7 attached hereto as Appendix 1.

3 DELIVERY

Clause 9 of the Agreement is deleted in its entirety and is replaced with Clause 9 attached hereto as Appendix 2.

4 EXCUSABLE DELAY

Clause 10 of the Agreement is deleted in its entirety and is replaced with Clause 10 attached hereto as Appendix 3.

5 INEXCUSABLE DELAY

Clause 11 of the Agreement is deleted in its entirety and is replaced with Clause 11 attached hereto as Appendix 4.

6 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

7 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

8 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____

Its:

7 CERTIFICATION

Except as set forth in this Clause 7, the Seller will not be required to obtain any certificate or approval with respect to any Aircraft. If the use of any certificate identified in this Agreement is discontinued during the performance of this Agreement, thereafter reference to such discontinued certificate will be deemed to be a reference to any other certificate or instrument issued by the applicable Aviation Authority which corresponds to such discontinued certificate.

7.1 Type Certification

The Aircraft have been type certificated under EASA procedures for joint certification in the transport category. The Seller will obtain or cause to be obtained an FAA type certificate (the “**Type Certificate**”) to allow the issuance of the Export Certificate of Airworthiness for the Aircraft. The Seller will obtain or cause to be obtained any additional certificates for the Aircraft that, under the requirements of the FAA generally applicable to aircraft manufacturers, the Seller is required to obtain to permit operation of aircraft of the same type as the Aircraft.

7.2 Export Certificate of Airworthiness

The Seller will cause each Aircraft to be delivered to the Buyer with an Export Certificate of Airworthiness without restriction or limitation and in a condition enabling the Buyer to obtain at the time of Delivery a Standard Airworthiness Certificate issued pursuant to Part 21 of the US Federal Aviation Regulations and a Certificate of Sanitary Construction issued by the U.S. Public Health Service of the Food and Drug Administration. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Specification Changes before Aircraft Ready for Delivery

7.3.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3.2 The Seller will, as far as is practicable, take into account the information available to it concerning any proposed Change in Law in order to minimize the costs of changes or modifications to the Specification as a result of such Change in Law that occurs before the applicable Aircraft is Ready for Delivery.

7.3.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Specification Changes after Aircraft Ready For Delivery

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

9 DELIVERY

9.1 Delivery Schedule

Subject to Clauses 2, 7, 8, 10 and 18, the Seller will have the Aircraft Ready for Delivery at the Delivery Location within the months (each, a “**Scheduled Delivery Month**”) or Quarters (each, a “**Scheduled Delivery Quarter**”), as applicable, set forth on Schedule I hereto (the “**Delivery Schedule**”).

9.1.1 In respect of each Aircraft for which a Scheduled Delivery Quarter is set forth in Schedule I, the Seller will communicate to the Buyer the Scheduled Delivery Month no later than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

9.1.2 The Seller will give the Buyer (i) at least [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

9.2 Delivery Process

9.2.1 The Buyer will send its representatives (which, with respect to Leased Aircraft, may include representatives of the Lessor) to the Delivery Location to take Delivery of each Aircraft at the date on which such Aircraft is Ready for Delivery, and fly such Aircraft from the Delivery Location.

9.2.2 The Seller will deliver and transfer title to each Aircraft to the Buyer (or, with respect to a Leased Aircraft, the Lessor) free and clear of all liens, claims, charges and encumbrances of every kind whatsoever (except for any liens or encumbrances created by or on behalf of the Buyer) provided that the Balance of the Final Price of such Aircraft has been paid by the Buyer pursuant to Clause 5.4 (or, with respect to a Leased Aircraft, provided that the Buyer has executed and delivered the Leasing Documentation for such Leased Aircraft to which the Buyer is party, upon which the Seller will cause the Lessor and each other counterparty to such Leasing Documentation to execute and deliver such Leasing Documentation to the Buyer) and that the Certificate of Acceptance has been executed and delivered to the Seller pursuant to Clause 8.3. The Seller will provide the Buyer (or with respect to Leased Aircraft, the Lessor) with (i) a warranty bill of sale in the form of Exhibit E (the “**Warranty Bill of Sale**”), (ii) FAA Form 8050-2 (the “**Aircraft Bill of Sale**”) and (iii) such other documentation confirming transfer of title and receipt of such Final Price of such Aircraft as may reasonably be requested by the Buyer (and, with respect to Leased Aircraft, by the Lessor). Title to and risk of loss of or damage to such Aircraft will pass to the Buyer (or, with respect to Leased Aircraft, the Lessor) contemporaneously with the delivery by the Seller to the Buyer of such Warranty Bill of Sale.

9.2.3 (i) If the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

9.3 Flyaway

- 9.3.1 The Buyer and the Seller will cooperate to obtain any licenses that may be required by the Aviation Authority of the Delivery Location for the purpose of exporting the Aircraft.
- 9.3.2 In the event that the Buyer is unable to export the Aircraft on the date Delivery occurs due to a delay in receiving temporary FAA approval to fly the Aircraft to the United States (the “fly-wire”), the Seller will park and store such Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 9.3.3 All expenses of, or connected with, flying the Aircraft from the Delivery Location after Delivery will be borne by the Buyer, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

9.4 Delegation of Authority

With respect to each Aircraft, the Seller will present to the Buyer prior to Delivery of such Aircraft a certified copy of the powers of attorney designating and authorizing certain persons to act on its behalf in connection with the Delivery of such Aircraft, including the person executing the transfer of title documents for such Aircraft.

With respect to each Aircraft, the Buyer will present to the Seller prior to Delivery of such Aircraft a certified copy of the applicable delegation of authority of the Buyer designating and authorizing certain persons to act on its behalf in connection with the Delivery of such Aircraft, including (in the case of Purchase Aircraft) the person executing the transfer of title documents for such Aircraft.

9.5 International Registry

- 9.5.1 The Seller will consent to the contract of sale registrations with the International Registry of Mobile Assets (“**International Registry**”) at or promptly following the Delivery of each Aircraft, consistent with the Seller’s customary practices.
- 9.5.2 The Seller will assure that the Airframe is populated in the drop down boxes with the International Registry prior to the Delivery of the applicable Aircraft. Prior to the Delivery Date for each Aircraft, the Seller will provide to the Buyer’s FAA counsel (which will be Daugherty, Fowler, Peregrin, Haught & Jenson or such other counsel designated by the Buyer) an original undated executed copy of the Aircraft Bill of Sale for such Aircraft.

10 EXCUSABLE DELAY AND TOTAL LOSS

10.1 Scope of Excusable Delay

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 Consequences of Excusable Delay

If an Excusable Delay occurs with respect to any Aircraft:

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] notify [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] in writing of such Excusable Delay as soon as practicable after becoming aware of the same;
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) the Seller will as soon as practicable after the removal of the cause of such delay resume performance of its obligations under this Agreement and in particular will notify the Buyer of the revised Scheduled Delivery Month or Scheduled Delivery Quarter, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3 Termination on Excusable Delay

10.3.1 If any Delivery is delayed as a result of an Excusable Delay for a period of more than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3.2 If any Delivery is delayed as a result of an Excusable Delay for a period of more than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3.3 If the Seller advises the Buyer in its notice of a revised Scheduled Delivery Month or Scheduled Delivery Quarter pursuant to Clause 10.2(iv) that [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3.4 If this Agreement is not terminated with respect to any Aircraft under the terms of Clause 10.3.1, 10.3.2 or 10.3.3, then the Seller will be entitled to reschedule Delivery. The Seller will notify the Buyer of the new Scheduled Delivery Month after the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] period referred to in Clause 10.3.1, 10.3.2 or 10.3.3, and this new Scheduled Delivery Month will be deemed to be an amendment to the applicable Scheduled Delivery Month or Scheduled Delivery Quarter in Schedule I.

10.4 Total Loss, Destruction or Damage

If, prior to Delivery, any Aircraft is lost, destroyed or in the reasonable opinion of the Seller is damaged beyond economic repair (“**Total Loss**”), the Seller will notify the Buyer in writing to this effect [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] The Seller will include in such notification (or as soon after the delivery of the notice as such information becomes available to the Seller) the earliest date consistent with the Seller’s other commitments and production capabilities that an aircraft to replace such Aircraft may be delivered to the Buyer and the Scheduled Delivery Month or Scheduled Delivery Quarter will be extended as specified in the Seller’s notice to accommodate the delivery of the replacement aircraft; [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Nothing herein will require the Seller to manufacture and deliver a replacement aircraft if such manufacture would require the reactivation of its production line for the model or series of aircraft that includes the applicable Aircraft.

- 0.5 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Notwithstanding the provisions of Clauses 3.2, 4.1 and 4.2, if any Excusable Delay or Total Loss occurs with respect to any Aircraft, the Buyer will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.6 Predelivery Payments

If an Excusable Delay or Total Loss occurs with respect to any Aircraft, the payment schedule for unpaid Predelivery Payments with respect to such Aircraft will be adjusted to reflect the revised Scheduled Delivery Month or Scheduled Delivery Quarter that the Seller notifies the Buyer.

In the event this Agreement is terminated with respect to any Aircraft under the terms of Clause 10.3 or 10.4, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.7 Termination Rights Exclusive

If this Agreement is terminated as provided for under the terms of Clauses 10.3 or 10.4, such termination will discharge all obligations and liabilities of the parties hereunder with respect to such affected Aircraft and undelivered material, services, data or other items applicable thereto and to be furnished under the Agreement, except as provided in this Clause 10 and Clause 18.5.

10.8 Remedies

EXCEPT AS PROVIDED IN LETTER AGREEMENT NO. 17 TO THE AGREEMENT, THIS CLAUSE 10 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 11, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 10 TO THE EXTENT THE DELAY REFERRED TO IN THIS CLAUSE 10 IS CAUSED BY THE ACTION OR INACTION OF THE BUYER OR ITS REPRESENTATIVES.

11 INEXCUSABLE DELAY

11.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Should an Aircraft not be Ready for Delivery within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (A) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (B) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (C) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (D) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (E) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (F) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If an Inexcusable Delay occurs with respect to any Aircraft:

- (i) the Seller will notify the Buyer in writing of such Inexcusable Delay as soon as practicable after becoming aware of the same; and
- (ii) the Seller will, as soon as is practicable after the removal of the cause of such delay, resume performance of its obligations under this Agreement and in particular will notify the Buyer of the revised Scheduled Delivery Month or Scheduled Delivery Quarter, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11.2 Renegotiation

If, as a result of an Inexcusable Delay, the Delivery does not occur within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Notwithstanding the provisions of Clause [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] if an Inexcusable Delay occurs with respect to any Aircraft, the Buyer will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11.4 Predelivery Payments

If an Inexcusable Delay occurs with respect to any Aircraft the payment schedule for unpaid Predelivery Payments with respect to such Aircraft will be adjusted to reflect the revised Scheduled Delivery Month or Scheduled Delivery Quarter notified to the Buyer.

In the event this Agreement is terminated with respect to any Aircraft under the terms of Clause 11.5.1 or 11.5.2, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11.5 Termination

11.5.1 If, as a result of an Inexcusable Delay, the Delivery does not occur within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11.5.2 If, as a result of an Inexcusable Delay, the Delivery does not occur within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11.5.3 In the event of termination, neither party will have any claim against the other with respect to such Aircraft, except as provided in this Clause 11 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and Clause 18.5.

11.6 Remedies

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] THIS CLAUSE 11 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 10, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING WITHOUT LIMITATION ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 11 TO THE EXTENT THE DELAY REFERRED TO IN THIS CLAUSE 11 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

LETTER AGREEMENT NO. 10

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: SUPPORT MATTERS

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 10 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] IN-SERVICE ISSUES

In the event that, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the remedies set forth in Clauses 12.1.4.1 and 12.1.4.2 of the Agreement for such Aircraft will apply [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] In addition, in the event that [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Buyer.

2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] SUPPORT

The Seller will provide to the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] WARRANTY

In the case of Warranted Parts [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 COMPUTER BASED TRAINING [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(v) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5 SELLER PARTS [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.1 For each Aircraft delivered pursuant to the Agreement, the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

5.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 FLIGHT CREW TRAINING [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.1 Pursuant to Paragraph 1.1 of Appendix A to Clause 16 of the Agreement, the Seller will provide flight crew training (standard transition course) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.2 If the Buyer [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 The Flight Crew [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] in accordance with Paragraph 7 of Letter Agreement No. 2 to the Agreement.

6.4 The Buyer will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

8 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

9 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very
truly
yours,

AIRBUS
S.A.S.

By:
Its:

Very truly yours,

AIRBUS S.A.S.

By:
Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

LETTER AGREEMENT NO. 11A

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A319 AIRCRAFT PERFORMANCE GUARANTEE – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11A (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A319 Aircraft as described in the A319 Standard Specification [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for:

1.1 Basic Configuration (not applicable to Paragraph 3.2)

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 Optional Configuration

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A319 Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at the start of ground run at sea level pressure altitude in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Take-Off Weight

When the A319 Aircraft is operated in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the FAR approved Take-Off Weight of the A319 Aircraft at the start of ground run shall be not less than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A319 Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at sea level pressure altitude shall be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 MISSION GUARANTEES

3.1 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A319 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A319 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.1 The departure airport conditions [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] are as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.2.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
 - a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 Mission Block Fuel

In carrying a fixed payload of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the A319 Aircraft will be not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

when the A319 Aircraft is operated as defined here below.

3.3.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 The Mission Payload and Block Fuel guarantees are based on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A319 Aircraft as defined in Paragraph 1 above of not more than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

This is the Manufacturer's Weight Empty of the A319 Aircraft as defined in Section 13-10 of the A319 Standard Specification as amended by the SCN's defined in Paragraph 1 above [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A319 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise

The Seller shall provide the Buyer with a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 Cabin

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Ramp Noise

The APU noise during ground operation of the A319 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A319 Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When establishing take-off performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Cruise performance at [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The definition of dB(A) shall be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Speech Interference Level (SIL) is defined as the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Compliance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Compliance with the Manufacturer's Weight Empty guarantee will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.5 The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A319 Aircraft will have a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.6 Data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be adjusted as required [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] demonstrating compliance with the Guarantees [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof ("**Rule Change**") by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A319 Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A319 Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A319 Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A319 Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A319 Aircraft will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

APPENDIX A TO LETTER AGREEMENT NO. 11A

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 11B

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A319 AIRCRAFT PERFORMANCE GUARANTEE – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11B (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A319 Aircraft as described in the A319 Standard Specification [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for:

1.1 Basic Configuration (not applicable to Paragraph 3.2)

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 Optional Configuration

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A319 Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at the start of ground run at sea level pressure altitude in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Take-Off Weight

When the A319 Aircraft is operated in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the FAR approved Take-Off Weight of the A319 Aircraft at the start of ground run shall be not less than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A319 Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at sea level pressure altitude shall be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 MISSION GUARANTEES

3.1 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A319 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A319 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.1 The departure airport conditions [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] are as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.2.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will remain in the tanks. This represents the estimated fuel required for:
- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 Mission Block Fuel

In carrying a fixed payload of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the A319 Aircraft will be not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

when the A319 Aircraft is operated as defined here below.

3.3.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 The Mission Payload and Block Fuel guarantees are based on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A319 Aircraft as defined in Paragraph 1 above of not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

This is the Manufacturer's Weight Empty of the A319 Aircraft as defined in Section 13-10 of the A319 Standard Specification as amended by the SCN's defined in Paragraph 1 above [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A319 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Noise

The Seller shall provide the Buyer with a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 Cabin

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Ramp Noise

The APU noise during ground operation of the A319 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A319 Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When establishing take-off performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Cruise performance at [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The definition of dB(A) shall be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Speech Interference Level (SIL) is defined as the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Compliance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Compliance with the Manufacturer's Weight Empty guarantee will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.5 The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A319 Aircraft will have a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.6 Data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be adjusted as required [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] demonstrating compliance with the Guarantees [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A319 Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A319 Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A319 Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A319 Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A319 Aircraft will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

APPENDIX A TO LETTER AGREEMENT NO. 11B

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 11C

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A319 NEO AIRCRAFT PERFORMANCE GUARANTEE – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11C (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A319 NEO Aircraft as described in the A319 Standard Specification [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for:

1.1 Basic Configuration (not applicable to Paragraph 3.2)

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 Optional Configuration

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A319 NEO Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at the start of ground run at sea level pressure altitude in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Take-Off Weight

When the A319 NEO Aircraft is operated in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the FAR approved Take-Off Weight of the A319 NEO Aircraft at the start of ground run shall be not less than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A319 NEO Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at sea level pressure altitude shall be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 MISSION GUARANTEES

3.1 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.1 The departure airport conditions [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] are as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.2.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
 - a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 Mission Block Fuel

In carrying a fixed payload of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the A319 NEO Aircraft will be not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

when the A319 NEO Aircraft is operated as defined here below.

3.3.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 The Mission Payload and Block Fuel guarantees are based on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Paragraph 1 above of not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

This is the Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Section 13-10 of the A319 Standard Specification as amended by the SCN's defined in Paragraph 1 above [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A319 NEO Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Noise

The Seller shall provide the Buyer with a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 Cabin

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Ramp Noise

The APU noise during ground operation of the A319 NEO Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A319 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When establishing take-off performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The definition of dB(A) shall be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Speech Interference Level (SIL) is defined as the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Compliance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Compliance with the Manufacturer's Weight Empty guarantee will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.5 The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A319 NEO Aircraft will have a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.6 Data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be adjusted as required [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] demonstrating compliance with the Guarantees [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A319 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A319 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A319 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A319 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

10.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A319 NEO Aircraft will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

—”This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

APPENDIX A TO LETTER AGREEMENT NO. 11C

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 11D

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A319 NEO AIRCRAFT PERFORMANCE GUARANTEE – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11D (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A319 NEO Aircraft as described in the A319 Standard Specification [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for:

1.1 Basic Configuration (not applicable to paragraph 3.2)

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 Optional Configuration

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A319 NEO Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at the start of ground run at sea level pressure altitude in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Take-Off Weight

When the A319 NEO Aircraft is operated in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the FAR approved Take-Off Weight of the A319 NEO Aircraft at the start of ground run shall be not less than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A319 NEO Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at sea level pressure altitude shall be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 MISSION GUARANTEES

3.1 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

3.1.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.1 The departure airport [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] are as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.2.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.2.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 Mission Block Fuel

In carrying a fixed payload of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the A319 NEO Aircraft will be not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

when the A319 NEO Aircraft is operated as defined here below.

3.3.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 The Mission Payload and Block Fuel guarantees are based on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Paragraph 1 above of not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

This is the Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Section 13-10 of the A319 Standard Specification as amended by the SCN's defined in Paragraph 1 above [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A319 NEO Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Noise

The Seller shall provide the Buyer with a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 Cabin

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Ramp Noise

The APU noise during ground operation of the A319 NEO Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A319 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When establishing take-off performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] .

The definition of dB(A) shall be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Speech Interference Level (SIL) is defined as the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Compliance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Compliance with the Manufacturer's Weight Empty guarantee will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

7.5 The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A319 NEO Aircraft will have a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.6 Data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be adjusted as required [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] demonstrating compliance with the Guarantees [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A319 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A319 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A319 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A319 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 10.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - (iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 10.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 10.3 The Seller's maximum liability in respect of deficiency in performance of any A319 NEO Aircraft will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

APPENDIX A TO LETTER AGREEMENT NO. 11D

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 11I

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A321 AIRCRAFT PERFORMANCE GUARANTEE – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11I (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A321 Aircraft as described in the A321 Standard Specification [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for:

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

hereinafter referred to as the “Specification” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A321 Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at the start of ground run at sea level pressure altitude in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Take-Off Weight

When the A321 Aircraft is operated in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the FAR approved Take-Off Weight of the A321 Aircraft at the start of ground run shall be not less than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A321 Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at sea level pressure altitude shall be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 MISSION GUARANTEES

3.1 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used

without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.1.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
 - a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

3.3 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.1 The departure airport conditions [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] are as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.3.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 Mission Block Fuel

In carrying a fixed payload of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the A321 Aircraft will be not more than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

when the A321 Aircraft is operated as defined here below.

3.4.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.7 Stage distance is defined as the distance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Block fuel is defined as the fuel [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.5 The Mission Payload and Block Fuel guarantees are based on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A321 Aircraft as defined in Paragraph 1 above of not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

This is the Manufacturer's Weight Empty of the A321 Aircraft as defined in Section 13-10 of the A321 Standard Specification as amended by the SCN's defined in Paragraph 1 above [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A321 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Noise

The Seller shall provide the Buyer with a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 Cabin

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Ramp Noise

The APU noise during ground operation of the A321 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A321 Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When establishing take-off performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Cruise performance at [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The definition of dB(A) shall be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Speech Interference Level (SIL) is defined as the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Compliance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Compliance with the Manufacturer's Weight Empty guarantee will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.5 The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A321 Aircraft will have a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.6 Data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be adjusted as required [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] demonstrating compliance with the Guarantees [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A321 Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A321 Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A321 Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A321 Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A321 Aircraft will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

APPENDIX A TO LETTER AGREEMENT NO. 11I

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 11J

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A321 AIRCRAFT PERFORMANCE GUARANTEE – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11J (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A321 Aircraft as described in the A321 Standard Specification [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for:

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

hereinafter referred to as the “Specification” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A321 Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at the start of ground run at sea level pressure altitude in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Take-Off Weight

When the A321 Aircraft is operated in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the FAR approved Take-Off Weight of the A321 Aircraft at the start of ground run shall be not less than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A321 Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at sea level pressure altitude shall be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 MISSION GUARANTEES

3.1 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.1.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
 - a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.1 The departure airport conditions [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] are as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.3.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 Mission Block Fuel

In carrying a fixed payload of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the A321 Aircraft will be not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

when the A321 Aircraft is operated as defined here below.

3.4.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.7 Stage distance is defined as the distance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Block fuel is defined as the fuel [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.5 The Mission Payload and Block Fuel guarantees are based on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A321 Aircraft as defined in Paragraph 1 above of not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

This is the Manufacturer's Weight Empty of the A321 Aircraft as defined in Section 13-10 of the A321 Standard Specification as amended by the SCN's defined in Paragraph 1 above [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A321 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Noise

The Seller shall provide the Buyer with a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 Cabin

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Ramp Noise

The APU noise during ground operation of the A321 Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A321 Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When establishing take-off performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Cruise performance at [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The definition of dB(A) shall be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Speech Interference Level (SIL) is defined as the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Compliance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Compliance with the Manufacturer's Weight Empty guarantee will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.5 The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A321 Aircraft will have a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.6 Data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be adjusted as required using [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] demonstrating compliance with the

Guarantees [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof ("**Rule Change**") by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A321 Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A321 Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A321 Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A321 Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A321 Aircraft will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

APPENDIX A TO LETTER AGREEMENT NO. 11J

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 11K

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A321 NEO AIRCRAFT PERFORMANCE GUARANTEE – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11K (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “**Guarantees**”) are applicable to the A321 NEO Aircraft as described in the A321 Standard Specification [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for:

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A321 NEO Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at the start of ground run at sea level pressure altitude in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Take-Off Weight

When the A321 NEO Aircraft is operated in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the FAR approved Take-Off Weight of the A321 NEO Aircraft at the start of ground run shall be not less than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A321 NEO Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at sea level pressure altitude shall be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 MISSION GUARANTEES

3.1 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.1.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.6 An allowance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
 - a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.1 The departure airport conditions [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] are as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.3.2 An allowance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
 - a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 Mission Block Fuel

In carrying a fixed payload of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the A321 NEO Aircraft will be not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

when the A321 NEO Aircraft is operated as defined here below.

3.4.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.7 Stage distance is defined as the distance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Block fuel is defined as the fuel [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.5 The Mission Payload and Block Fuel guarantees are based on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A321 NEO Aircraft as defined in Paragraph 1 above of not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

This is the Manufacturer's Weight Empty of the A321 NEO Aircraft as defined in Section 13-10 of the A321 Standard Specification as amended by the SCNs defined in Paragraph 1 above [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A321 NEO Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Noise

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 Cabin

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Ramp Noise

The APU noise during ground operation of the A321 NEO Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A321 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When establishing take-off performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The definition of dB(A) shall be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Speech Interference Level (SIL) is defined as the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Compliance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Compliance with the Manufacturer's Weight Empty guarantee will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.5 The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A321 NEO Aircraft will have a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

7.6 Data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be adjusted as required [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] demonstrating compliance with the Guarantees [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A321 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A321 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A321 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document with the exception of the A320 Family NEO Aircraft Performance Retention Guarantee.

10 UNDERTAKING REMEDIES

Should the A321 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A321 NEO Aircraft will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

APPENDIX A TO LETTER AGREEMENT NO. 11K

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 11L

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A321 NEO AIRCRAFT PERFORMANCE GUARANTEE – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11L (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “**Guarantees**”) are applicable to the A321 NEO Aircraft as described in the A321 Standard Specification [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] for:

- i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- iii) the following design weights:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A321 NEO Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at the start of ground run at sea level pressure altitude in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1.2 Take-Off Weight

When the A321 NEO Aircraft is operated in [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the FAR approved Take-Off Weight of the A321 NEO Aircraft at the start of ground run shall be not less than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A321 NEO Aircraft gross weight of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] at sea level pressure altitude shall be not more than:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 MISSION GUARANTEES

3.1 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.1.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.1.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
 - a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

.3 Mission Payload [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.1 The departure airport conditions [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] are as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 3.3.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.7 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- 3.3.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:
 - a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
 - e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 Mission Block Fuel

In carrying a fixed payload of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of the A321 NEO Aircraft will be not more than

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

when the A321 NEO Aircraft is operated as defined here below.

3.4.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.2 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.3 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.5 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.6 An allowance of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.7 Stage distance is defined as the distance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Block fuel is defined as the fuel [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.8 At the end of approach and landing [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.5 The Mission Payload and Block Fuel guarantees are based on [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A321 NEO Aircraft as defined in Paragraph 1 above of not more than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

This is the Manufacturer's Weight Empty of the A321 NEO Aircraft as defined in Section 13-10 of the A321 Standard Specification as amended by the SCNs defined in Paragraph 1 above [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A321 NEO Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 Noise

The Seller shall provide the Buyer with a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.3.2 Cabin

At a pressure altitude of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] shall be as follows:

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Noise levels shall be measured [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.4 Ramp Noise

The APU noise during ground operation of the A321 NEO Aircraft [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A321 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When establishing take-off performance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The definition of dB(A) shall be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The Speech Interference Level (SIL) is defined as the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.3 Compliance [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.4 Compliance with the Manufacturer's Weight Empty guarantee will be demonstrated [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

7.5 The [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A321 NEO Aircraft will have a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

7.6 Data [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will be adjusted as required [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] demonstrating compliance with the Guarantees [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof ("**Rule Change**") by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A321 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A321 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A321 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document with the exception of the A320 Family NEO Aircraft Performance Retention Guarantee.

10 UNDERTAKING REMEDIES

Should the A321 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A321 NEO Aircraft will be [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____

Its:

APPENDIX A TO LETTER AGREEMENT NO. 11L

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 14

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: OTHER MATTERS RELATED TO [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A320 Family Aircraft Purchase Agreement dated as of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 14 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale or lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] AIRCRAFT

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] FAMILY AIRCRAFT

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] AIRCRAFT

3.1 Scope

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.2 Applicability

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.5 Additional Terms and Conditions

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

.6 Preelivery Payments

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

5 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

6 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By:

Its:

LETTER AGREEMENT NO. 15

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Re: **SELLER PARTS AND SELLER PARTS SERVICES**

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 15 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale or lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 SCOPE OF SPARES SUPPORT

For [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (the “**Term**”), the Seller will (i) maintain, or cause to be maintained, a stock of Seller Parts (as defined below) and make available to the Buyer materials management services (the “**Seller Services**”), [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and (ii) sell and deliver such Seller Parts and Seller Services or interchangeable Seller Parts (in each case, together with all necessary documentation and data) in accordance with the provisions of this Letter Agreement.

For the purposes of this Letter Agreement, the term “**Seller Parts**” means the Seller’s proprietary parts bearing a part number of the Seller or for which the Seller has the exclusive sales rights.

2 DELIVERY

2.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Seller Parts

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.2 Emergency Services

During the Term, the Seller will maintain, or cause to be maintained, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the lead-times for delivery of such qualified answer to the Buyer will not exceed:

(i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3 PRICE

3.1 Price Condition

Price conditions for any Seller Parts or Seller Services provided hereunder will be in accordance with Article 5.1 of Exhibit H to the Agreement.

3.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

During the Term, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3 Out of Production Aircraft

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 WARRANTIES

Article 4 of Exhibit H to the Agreement will apply, mutatis mutandis, to all Seller Parts and Seller Services purchased by the Buyer pursuant to this Letter Agreement.

5 TERMINATION

If the Buyer shall default in the performance of its obligations to the Seller under this Letter Agreement, the Seller will have the right to suspend deliveries of Seller Parts and Seller Services to the Buyer under this Letter Agreement and, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

7 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

8 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____

Its:

LETTER AGREEMENT NO. 16

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: **SPECIFICATION MATTERS**

Dear Ladies and Gentlemen,

American Airlines, Inc. (the "**Buyer**") and Airbus S.A.S. (the "**Seller**") have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the "**Agreement**") which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 16 (this "**Letter Agreement**") certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 MSCNs FOR [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

3 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

4 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____

Its:

LETTER AGREEMENT NO. 17

As of July 20, 2011

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: **TERMINATION**

Dear Ladies and Gentlemen,

American Airlines, Inc. (the "**Buyer**") and Airbus S.A.S. (the "**Seller**") have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the "**Agreement**") which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 17 (this "**Letter Agreement**") certain additional terms and conditions regarding the sale and lease of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 SPECIAL [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] MATTERS

1.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] pursuant to this Paragraph 1.2.

2 TERMINATION

Clause 20 of the Agreement is deleted in its entirety and replaced with Clause 20 attached hereto as Appendix 1.

3 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

4 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

5 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:

Its:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Its:

20 TERMINATION

20.1 Termination Events

Each of the following will constitute a “**Termination Event**”

- (1) The Buyer or any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Affiliates commences in any jurisdiction any case, proceeding or other legal action with respect to the Buyer or any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Affiliates or all or any substantial part of its assets relating to bankruptcy, insolvency, reorganization, winding-up, liquidation or dissolution.
- (2) A case, proceeding or other legal action is commenced in any jurisdiction seeking the appointment of a receiver, trustee, custodian or other similar official for the Buyer or any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Affiliates or for all or any substantial part of their respective assets, and such action remains unstayed, undismissed or undischarged for [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or the Buyer or any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Affiliates makes a general assignment for the benefit of its creditors.
- (3) The Buyer or any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Affiliates (i) fails to make any payments [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] which are required to be made under this Agreement or any other [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] agreement between the Buyer or any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Affiliates and the Seller or any [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Affiliates (after giving effect to any grace period applicable thereto) [CONFIDENTIAL

PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- (4) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (5) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (6) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

20.2 Remedies in Event of Termination

20.2.1 If [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Termination Event occurs, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] the Seller will have the right to resort to any remedy under applicable law or in equity, and may, without limitation, by written notice to the Buyer, immediately do any or all of the following:

- A. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- B. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- C. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If the Seller elects to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

20.2.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

20.2.3. The parties to this Agreement are commercially sophisticated parties acting within the same industry, and represented by competent counsel and the parties expressly agree and declare as follows:

A. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

B. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

C. the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] provision of this Clause 20 has been fully negotiated by sophisticated parties represented by counsel, is a material component of the consideration granted and, in the absence of such [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] provision, the consideration would have been materially different.

20.3 Notice of Termination Event

Within [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of becoming aware of the occurrence of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] Termination Event, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will notify [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] of such occurrence in writing, provided, that any failure by [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL

AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] to notify [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] will not prejudice [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] rights or remedies hereunder.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

20.4 Adequate Assurance

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 1

As of July 20, 2011

CONFIDENTIAL – SUBJECT TO RESTRICTIONS ON DISCLOSURE AS SET FORTH IN PARAGRAPH 12 BELOW

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: LEASING MATTERS

Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement of even date herewith (as supplemented, amended or otherwise modified from time to time, the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase by the Buyer of Purchase Aircraft and the lease of Leased Aircraft to the Buyer, in each case under the terms and subject to the conditions set forth in the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 1 (this “**Letter Agreement**”) certain additional terms and conditions regarding the Leased Aircraft and leasing transactions related thereto.

Attached to this Letter Agreement as Exhibits **A, B, C** and **D**, respectively, are the forms of the following documents, which have been fully negotiated by the Buyer and the Seller, with respect to the Leased Aircraft leasing transactions (collectively, the “**Leasing Documentation**”):

- (A) Lease Agreement, including schedules and exhibits thereto (the “**Lease**”);
- (B) Trust Agreement, including schedules and exhibits thereto (the “**Trust Agreement**”);
- (C) Participation Agreement, including schedules and exhibits thereto (the “**Participation Agreement**”); and
- (D) Definitions (the “**Definitions Annex**”).

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement or the Definitions Annex, as applicable. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, nonseverable part of the Agreement, that the provisions of the Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of the Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1. THE LEASES

1.1 Forms

The documentation for each of the Leased Aircraft shall be in the form of the Leasing Documentation (subject to such changes as shall be agreed by the Buyer and the applicable Owner Participant, in their sole discretion) and shall be prepared by the Buyer.

1.2 Leases of Leased Aircraft

Subject to the terms and conditions set forth herein (including, without limitation, Paragraph 1.3 hereof) and in the Leasing Documentation and the Agreement, the Buyer shall lease from the Seller each of the Leased Aircraft, and the Seller shall lease to the Buyer each of the Leased Aircraft. The Buyer and the Seller agree that the Leasing Documentation with respect to each Leased Aircraft is to be entered into on the Delivery Date of such Leased Aircraft.

1.3 Certain Terms Applicable to Third Party Leasing Transactions

1.3.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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1.3.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.4 Execution and Delivery of the Leasing Documentation of Leased Aircraft

1.4.1 The obligation of the Buyer to execute and deliver the Leasing Documentation with respect to any Leased Aircraft on the respective Delivery Date thereof is subject to the satisfaction of or waiver by the Buyer of, the following conditions:

- (a) such Leased Aircraft shall be Ready for Delivery and shall meet all requirements for Aircraft under the Agreement, and all of the Buyer's rights and the Seller's obligations pertaining thereto (including, but not limited to, aircraft specification, type and condition, delivery of an Export Certificate of Airworthiness without restriction or limitation, warranties and technical support, BFE arrangements and delivery and inspection procedures) shall have been satisfied in full accordance with the Agreement;
- (b) the "Owner Trustee" of such Leased Aircraft shall be Wells Fargo Bank Northwest, National Association, or another U.S. bank or trust company reasonably acceptable to the Buyer;
- (c) the "Owner Participant" of such Leased Aircraft shall be either: (1) Airbus Financial Services, (2) an Affiliate of Airbus Financial Services (Airbus Financial Services and such Affiliate, each an "**AFS Entity**") or (3) a Third Party Owner Participant;
- (d) on the Delivery Date of such Leased Aircraft, the Seller shall have transferred title to such Leased Aircraft to the "Owner Trustee" and such "Owner Trustee" shall have title to such Leased Aircraft free and clear of Liens;
- (e) in the case of a leasing transaction to be entered into with a Third Party Purchaser, (i) such Third Party Purchaser and the Buyer shall have executed and delivered a Leasing Letter with respect to such Leased Aircraft in accordance with Paragraph 1.3.4 hereof, (ii) such Leasing Letter shall not have been terminated (including as provided in such

Leasing Letter or Paragraph 5 hereof) and (iii) the Buyer shall not have provided written notice to the Seller that such Third Party Purchaser (or any Affiliate thereof) has breached any of its obligations set forth in such Leasing Letter or any other Leasing Letter executed by such Third Party Purchaser (or any Affiliate thereof) (in each case, including, if applicable, the obligation to lease any other Leased Aircraft to the Buyer in accordance with the terms of such Leasing Letter);

- (f) in the case of a leasing transaction to be entered into with a Third Party Purchaser, the Buyer shall not have provided written notice to the Seller that the Third Party Owner Participant (or any Affiliate thereof) related to such leasing transaction has breached any of its material obligations as "Owner Participant" under Leasing Documentation executed and delivered by it with respect to any other Leased Aircraft;
- (g) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
- (h) the "Basic Rent" and "Stipulated Loss Value" to be inserted in the Leasing Documentation with respect to such Leased Aircraft shall be calculated (x) in the case of a leasing transaction with an AFS Entity by the Buyer as provided in Exhibit G hereof and verified by such AFS Entity and (y) in the case of a leasing transaction with a Third Party Purchaser by the Buyer as provided in Exhibit F of the Leasing Letter and verified by such Third Party Purchaser; and
- (i) the Agreement shall not have been terminated, in whole, or with respect to such Leased Aircraft.

If any of the above conditions precedent or any condition precedent set forth in Section 4.3 of the Participation Agreement with respect to such Leased Aircraft are not satisfied (except if any such unsatisfied condition precedent relates solely to a Third Party Purchaser (or a Third Party Owner Participant) and the Seller has caused an AFS Entity to lease such Leased Aircraft to the Buyer in accordance with Paragraph 1.4.2 hereof), the Buyer shall have no obligation to lease such Leased Aircraft or to execute and deliver the Leasing Documentation relating to such Leased Aircraft, and the failure of such Leasing Documentation to be executed and delivered as a result thereof shall not be a breach of the Agreement by the Buyer or constitute or result in a Buyer Termination Event.

1.4.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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2. LEASING DOCUMENTATION WITH THE SELLER

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2.1 Lease

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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2.2 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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- (a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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- (b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

- 2.3 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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- 2.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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- (a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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3. BASIC RENT, STIPULATED LOSS VALUES & BASIC TERM

Basic Rent and Stipulated Loss Value for each Leased Aircraft will be calculated as provided in **Exhibit G**. The Basic Term of each Lease shall be

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

4. DELIVERY

Inspection and technical acceptance of each Leased Aircraft will be conducted as set forth in the Agreement and resolution of any discrepancies in the condition of such Leased Aircraft at Delivery will be effected between the Buyer and the Seller in accordance therewith [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED].

5. DELAY

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6. SALE OF BFE

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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7. LEASED AIRCRAFT PURCHASE OPTION

7.1 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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11. ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

12. CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

13. COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By:
Name:
Title:

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

FORM OF LEASE AGREEMENT

FORM OF TRUST AGREEMENT

FORM OF PARTICIPATION AGREEMENT

FORM OF DEFINITIONS ANNEX

FORM OF LEASING LETTER

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EXHIBIT F

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CONFIDENTIAL: Annexes B and C of this Lease Are
Subject to Restrictions on Dissemination Set Forth in Section 10.4 of the Participation
Agreement (as defined herein)

LEASE AGREEMENT ([YEAR] MSN [MSN])

dated as of

[Date]

between

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,

not in its individual capacity, except as expressly
provided herein, but solely as Owner Trustee,
as Lessor

and

AMERICAN AIRLINES, INC.,
as Lessee

Covering One Airbus [Model] Aircraft
(Generic Manufacturer and Model AIRBUS [Generic Model])

TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS DEFINED IN THE UNIFORM
COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY
BE PERFECTED THROUGH DELIVERY OR POSSESSION OF ANY COUNTERPART OF THIS LEASE AGREEMENT OTHER THAN THE
ORIGINAL COUNTERPART, WHICH SHALL BE THE COUNTERPART THAT CONTAINS THE RECEIPT EXECUTED BY LESSOR ON THE
SIGNATURE PAGE THEREOF.

(continued)

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LEASE AGREEMENT ([YEAR] MSN [MSN])

This LEASE AGREEMENT ([YEAR] MSN [MSN]) (as amended, modified or supplemented from time to time, this “Lease”), dated as of [], [YEAR], between WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee (herein in such capacity, together with its successors and permitted assigns, “Lessor” or “Owner Trustee”, and in its individual capacity, together with its successors and permitted assigns, “Trust Company”), and AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and permitted assigns, “Lessee”).

RECITALS:

Lessee wishes to lease the Aircraft from Lessor, and Lessor wishes to lease the Aircraft to Lessee, on the terms and subject to the conditions provided herein.

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

Section 1. Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth, and shall be construed and interpreted in the manner described, in Annex A hereto for all purposes of this Lease.

Section 2. Leasing of Aircraft. (a) Lessor hereby agrees (subject to satisfaction or waiver of the conditions set forth in Sections 4.1 and 4.2 of the Participation Agreement) to lease to Lessee hereunder, and Lessee hereby agrees (subject to satisfaction or waiver of the conditions set forth in Section 4.3 of the Participation Agreement) to lease from Lessor hereunder, the Aircraft, as evidenced by the execution by Lessor and Lessee of Lease Supplement No. 1 covering the Aircraft.

(b) On the Delivery Date, subject to Lessee’s acceptance of the Aircraft, Lessee will take possession of the Aircraft “AS-IS, WHERE-IS AND WITH ALL FAULTS.”

Section 3. Term and Rent.

(a) Term. The Basic Term for the lease of the Aircraft hereunder shall commence on the Delivery Date and shall end on the Lease Expiry Date, or such earlier date on which this Lease is terminated in accordance with the provisions hereof.

(b) Basic Rent. Lessee hereby agrees to pay to Lessor Basic Rent in advance for the Aircraft throughout the Term in installments, the first installment of which shall be due and payable on the Delivery Date, and the remaining installments of which shall be due and payable on the other Lease Period Dates, in the amounts computed as provided in Schedule A to Lease Supplement No. 1 for the Basic Term (Basic Rent payable for any Renewal Term, shall be as provided in Section 21). The installment of Basic Rent due and payable on the Delivery Date

shall be allocable to the Lease Period commencing on the Delivery Date and ending on the day immediately preceding the following Lease Period Date. Each other installment of Basic Rent is allocable to the Lease Period beginning on the Lease Period Date on which such installment is due and payable.

(c) Supplemental Rent. Lessee also agrees to pay to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall, subject to Section 15, have all rights, powers and remedies provided for herein, in equity or law, as in the case of nonpayment of Basic Rent. In addition, Lessee will pay as Supplemental Rent, on demand, to the extent permitted by applicable Law, an amount equal to interest at the Overdue Rate on any part of any installment of Basic Rent not paid when due for any period for which the same shall be overdue and on any payment of Supplemental Rent not paid when due or demanded, as the case may be, for the period until the same shall be paid.

(d) Payments in General. All payments of Rent shall be made in Dollars by wire transfer of immediately available funds not later than 1:00 p.m. (New York time) on the date of payment, to Lessor to the account set forth on Annex B to the Participation Agreement (or such other account in the United States of Lessor as Lessor directs by written notice to Lessee at least 10 Business Days prior to the date such payment of Rent is due, or, in the case of Supplemental Rent expressly payable to a Person other than Lessor, to the Person that shall be entitled thereto to such account in the United States as such Person directs by written notice to Lessee at least 10 Business Days prior to the date such payment of Rent is due). If any Rent is due on a day that is not a Business Day, such Rent shall be paid on the next succeeding Business Day with the same force and effect as if paid on the scheduled date of payment, and no interest shall accrue on the amount of such payment from and after such scheduled date to the time of payment on such next succeeding Business Day.

Section 4. Lessor's Representations, Warranties and Covenants.

(a) Disclaimer. NONE OF OWNER TRUSTEE, TRUST COMPANY OR OWNER PARTICIPANT (IN EACH CASE, IN ITS CAPACITY AS SUCH) MAKES OR SHALL BE DEEMED TO HAVE MADE HEREIN ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE AIRWORTHINESS, VALUE, CONDITION, WORKMANSHIP, DESIGN, OPERATION, **MERCHANTABILITY OR FITNESS FOR USE OR FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY ENGINE OR ANY PART THEREOF**, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY ENGINE OR ANY PART THEREOF, except that nothing set forth in this subsection (a) shall (x) derogate from the representations and warranties made by Owner Trustee, Trust Company or Owner Participant in or pursuant to any Operative Document or (y) be construed as a waiver by Lessee of any warranty or other claim against any manufacturer, supplier, dealer, contractor, subcontractor or other Person.

(b) U.S. Citizenship. Lessor at all times will be a Citizen of the United States to permit registration of the Aircraft with the FAA. Trust Company represents and warrants that it is a Citizen of the United States. Owner Trustee represents and warrants that it is a Citizen of the United States.

(c) Quiet Enjoyment. Lessor covenants that, except as expressly permitted by Section 15 following an Event of Default that has occurred and is continuing, notwithstanding anything herein or in any other Operative Document to the contrary, neither Lessor nor any Person claiming by, through or under Lessor shall (i) discharge the registration with the International Registry of the International Interests arising with respect to the Lease, (ii) transfer the right to discharge any of such International Interests to any other Person or cause any such right to be so transferred (except (x) in connection with a Transfer permitted by Section 8.1 of the Participation Agreement, or [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] or (iii) take or cause to be taken any action inconsistent with Lessee's rights under this Lease and its right to quiet enjoyment of the Aircraft, the Airframe, any Engine or any Part, or otherwise in any way interfere with or interrupt the use, operation and continuing possession of the Aircraft, the Airframe, any Engine or any Part by Lessee or any sublessee, assignee or transferee under any sublease, assignment or transfer then in effect and permitted by the terms of this Lease.

(d) Lien Lifting. Lessor agrees that (i) it shall promptly, at its own cost and expense, take such action as may be necessary duly to discharge and satisfy in full any Lessor's Lien attributable to it if the same shall arise at any time (by bonding or otherwise, so long as Lessee's operation and use of the Aircraft is not impaired); provided that Lessor may, for a period of not more than 60 days, contest any such Lessor's Lien diligently and in good faith by appropriate proceedings so long as such contest does not involve any material risk of the sale, forfeiture or loss of or loss of use of the Airframe or any Engine or any material risk of criminal penalties or material civil penalties being imposed on Lessee, and (ii) it shall indemnify and hold harmless Lessee from and against any loss, cost, expense or damage (including reasonable legal fees and expenses) that may be suffered or incurred by Lessee as a result of a failure by Lessor to promptly discharge or satisfy in full any such Lessor's Lien.

(e) Warranties. Lessor agrees that, so long as no Event of Default shall have occurred and be continuing, Lessee shall have the benefit of and shall be entitled to enforce, either in its own name or in the name of Lessor for the use and benefit of Lessee, any and all warranties of any Person (whether express or implied) in respect of the Aircraft, the Airframe, any Engine or any Part, and Lessor agrees to execute and deliver such further documents and take such further action, as may be reasonably requested by Lessee and at Lessee's cost and expense, as may be necessary to enable Lessee to obtain such warranty service or the benefits of any such warranty as may be furnished for the Aircraft, Airframe, any Engine or any Part by such Person. Lessor hereby appoints and constitutes Lessee, except at such times as an Event of Default shall have occurred and be continuing, its agent and attorney-in-fact during the Term to assert and enforce, from time to time, in the name and for the account of Lessor and Lessee, as their interests may appear, but in all cases at the cost and expense of Lessee, whatever claims and rights Lessor may have against such Person.

(f) Lessor's Interest in Certain Engines. Lessor hereby agrees, for the benefit of the lessor, conditional vendor or secured party of any airframe or any engine leased, purchased or owned by Lessee (or any Permitted Sublessee) subject to a lease, conditional sale or other security agreement, that Lessor will not acquire or claim, as against such lessor, conditional vendor or secured party, any right, title or interest in any engine or engines as the result of such engine or engines being installed on the Airframe at any time while such engine or engines are subject to such lease, conditional sale or other security agreement, provided however, that such agreement of Lessor shall not be for the benefit of any lessor, conditional vendor or secured party of any airframe or any engine leased, purchased or owned by Lessee (or any Permitted Sublessee) subject to a lease, conditional sale or other security agreement, unless such lessor, conditional vendor, or secured party has expressly agreed (which agreement may be contained in such lease, conditional sale or other security agreement) that neither it nor its successors or assigns will acquire or claim, as against Lessor, any right, title or interest in an Engine as a result of such Engine being installed on such airframe subject to such lease, conditional sale or security agreement.

(g) Title Transfers by Lessor. If Lessor shall be required to transfer title to the Aircraft or any Engine to Lessee or its designee pursuant to this Lease, (i) Lessor will (A) transfer to Lessee or its designee, without recourse or warranty (except as to the absence of Lessor's Liens and Liens of the type described in Section 6(h)), all of Lessor's right, title and interest in and to such Aircraft or Engine, free and clear of all right, title and interest of Lessor and of Lessor's Liens and Liens of the type described in Section 6(h), all in AS-IS WHERE-IS condition, (B) at Lessee's expense, execute and deliver such bills of sale (and any such bill of sale shall be in such form as will qualify as a "contract of sale" pursuant to Article V of the Aircraft Protocol) and other documents and instruments of transfer (including consents to appropriate registrations with the International Registry), all in form and substance reasonably satisfactory to Lessee, as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting in Lessee or its designee of all of Lessor's right, title and interest in and to such Aircraft or Engine and (C) take such actions as may be required to be taken by Lessor so that the transfer of such Aircraft or Engine to Lessee or its designee shall be registered as a Sale on the International Registry, (ii) Lessor will assign (to the extent freely assignable) to Lessee or its designee all of Lessor's rights in any available warranties with respect to such Aircraft or Engine and (iii) Lessor will assign (to the extent freely assignable) to Lessee or its designee, pursuant to an assignment agreement in form and substance reasonably satisfactory to Lessee, all of its right, title and interest in and to claims against third Persons relating to such Aircraft or Engine.

(h) Vesting of Title. Lessor agrees that in each instance in which this Lease provides that title to the Aircraft, any Engine, engine, Part or Obsolete Part shall be transferred to or vest in Lessee, title to such Aircraft, Engine, engine, Part or Obsolete Part shall vest in Lessee free and clear of all right, title and interest of Lessor, Lessor's Liens and Liens of the type described in Section 6(h), and Lessor shall do all acts necessary to discharge all such Liens and other rights held by it in such Aircraft, Engine, engine, Part or Obsolete Part.

Section 5. Return of Aircraft. Lessee hereby agrees to comply with the Return Conditions regarding return of the Aircraft to Lessor. In addition, Lessee agrees, in connection with any return of the Aircraft hereunder, to pay on the Return Date the amounts payable pursuant to Annex B, if any. All references in this Lease or elsewhere in any other Operative Document to this Section 5 shall be deemed to refer also to Annex B.

Section 6. Liens. Lessee will not, directly or indirectly, create, incur, assume or suffer to exist any Lien on or with respect to the Airframe or any Engine, title thereto or any interest therein or in this Lease except:

- (a) the respective rights of the parties to the Operative Documents as provided therein;
- (b) the rights of others under agreements or arrangements to the extent expressly permitted by this Lease;
- (c) Lessor's Liens;
- (d) Liens for Taxes that either are not yet overdue or are being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Airframe or any Engine, title thereto or any interest therein or any material risk of criminal liability or material civil penalty against Lessor or Owner Participant;
- (e) materialmen's, mechanics', workers', landlord's, repairmen's, employees' or other like Liens arising in the ordinary course of business (including those arising under maintenance agreements entered into in the ordinary course of business) securing obligations that either are not yet overdue for a period of more than 60 days or are being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Airframe or any Engine, title thereto or any interest therein or any material risk of criminal liability or material civil penalty against Lessor or Owner Participant;
- (f) Liens (other than Liens for Taxes) arising out of any judgment or award (i) for 60 days after the entry of such judgment or award, provided that during such 60-day period there is no material risk of the sale, forfeiture or loss of the Airframe or any Engine, title thereto or any interest therein or any material risk of criminal liability or material civil penalty against Lessor or Owner Participant, or (ii) during an appeal or other proceeding for review regarding such judgment or award with respect to which there shall have been secured a stay of execution pending such appeal or review;
- (g) salvage or similar rights of insurers under insurance policies maintained pursuant to Section 11;
- (h) the respective rights of the financing parties under any financing arrangements entered into by Lessor or Owner Participant with respect to the Aircraft at any time, including, without limitation arrangements permitted by Section 8.3 of the Participation Agreement;
- (i) Liens approved in writing by Lessor; and

(j) any other Lien with respect to which Lessee shall have provided cash collateral or other security adequate in the reasonable opinion of Lessor.

Liens described in clauses (a) through (j) above are referred to as “**Permitted Liens**”. Lessee will promptly take (or cause to be taken) such action as may be necessary duly to discharge (by bonding or otherwise) any Lien not excepted above if the same shall arise at any time.

Section 7. Registration, Maintenance and Operation; Possession; Insignia.

(a) Registration, Maintenance and Operation. Lessee, at its expense, shall:

(i) subject to the further provisions of this Section 7, cause the Aircraft to remain duly registered at the FAA in the name of Lessor, as owner, except:

(A) as otherwise required by the Transportation Code, or

(B) to the extent that such registration cannot be maintained (x) because of the failure of Lessor or Owner Participant to comply with the citizenship or other eligibility requirements for registration of aircraft under the Transportation Code or with Section 6.3.1 or 6.4.4 of the Participation Agreement or (y) because of the failure by Lessor or Owner Participant to execute and deliver, upon request of Lessee, any documents required for the renewal of such registration;

provided that Lessor and Owner Participant shall execute and deliver all such documents as may be required by the FAA from time to time for the purpose of effecting and continuing such registration, and shall not register the Aircraft or permit the Aircraft to be registered under any laws other than the United States at any time except as provided in the following proviso; and provided, further, that Lessee may at any time, with the prior written consent of Owner Participant (such consent not to be unreasonably withheld), subject to satisfaction of the Re-registration Conditions or waiver of any thereof by Owner Participant, cause the Aircraft or permit the Aircraft to be registered under the applicable statutes of any country in which a Permitted Sublessee could be based, in the name of Lessor or, if required by applicable Law, in the name of any other Person, and Lessor and Owner Participant shall cooperate with Lessee’s reasonable requests in effecting and continuing such foreign registration, and Lessee shall maintain such registration unless and until the Aircraft is re-registered in accordance with this Section 7;

(ii) cause the Aircraft to be maintained, serviced, repaired, reconditioned, overhauled, stored and tested in accordance with Lessee’s maintenance program for aircraft of the same make and model, which shall be an FAA Part 121 approved program (the “**Maintenance Program**”) (or, if the Aircraft is then registered in accordance with the terms of the Operative Documents in another country or shall be subleased to a Permitted Sublessee, in each case in accordance with the terms of this Lease, an Approved Program) and, except during any Sublease Period, in the same manner and with the same care used by Lessee with respect to comparable

[A319/320/321]¹ aircraft and engines owned or operated by Lessee and utilized in similar circumstances (and, during any Sublease Period, by a maintenance performer appropriately approved by the FAA or EASA of recognized standing, experience and facilities to perform the relevant work on aircraft of the same make and model as the Aircraft and in the same manner and with the same care used by the Permitted Sublessee with respect to comparable [A319/320/321]² aircraft and engines owned or operated by the Permitted Sublessee and utilized in similar circumstances) so as to keep the Aircraft in the same operating condition as when delivered to Lessee hereunder (ordinary wear and tear excepted);

(iii) cause the Aircraft to be kept in such condition as may be necessary to enable an airworthiness certification of the Aircraft to be maintained in good standing at all times (other than during temporary periods of storage of not more than 90 calendar days in accordance with applicable regulations or during periods of grounding by applicable governmental authorities, except where such periods of grounding are the result of the failure by Lessee to maintain the Aircraft as otherwise required herein) under the Transportation Code or the applicable laws of any other jurisdiction in which the Aircraft may then be registered;

(iv) cause all records, logs and other documentation with respect to the Aircraft to be maintained as required by the FAA or the applicable central authority of the jurisdiction where the Aircraft is registered to be maintained in respect of the Aircraft (all such records, logs and other documentation to be maintained in the English language);

(v) maintain and update a [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] cross-reference table indicating for each of the Maintenance Program tasks the corresponding MPD reference task (if any); and

(vi) cause to be furnished to Lessor (A) such information that is readily available without undue expense as may be reasonably requested by Lessor to enable Lessor to file any reports, filings or statements required to be filed by Lessor with the FAA (or the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States) because of Lessor's interest in the Aircraft, and (B) such other information concerning the location, condition, use and operation of the Aircraft as Lessor may reasonably request.

Lessee agrees that it will comply with all mandatory airworthiness directives issued by the FAA (or the appropriate authorities in the jurisdiction where the Aircraft is registered) (each, an "**AD**" and collectively, "**ADs**") in respect of the Aircraft which require compliance no later

¹ Specific aircraft type to be specified in each Lease.

² Specific aircraft type to be specified in each Lease.

than the last day of the Term, as and to the extent required by such ADs and the Maintenance Program prior to such date. Lessee shall not be required to comply with any manufacturer service bulletins, except as and to the extent required by the Maintenance Program prior to the last day of the Term.

The Aircraft will not be maintained, used or operated in violation of any law, rule, regulation or order of any government or governmental authority having jurisdiction in any country in which the Aircraft is flown, or in violation of any AD, license or registration relating to the Aircraft issued by any such authority; provided that Lessee may in good faith contest the validity or application of any such law, rule, regulation, order, airworthiness certificate, license or registration or any AD referred to in the immediately preceding paragraph in any reasonable manner which does not materially adversely affect Lessor or Owner Participant or their respective interests in the Aircraft or any Operative Document, or involve any material risk of criminal liability or material civil penalty against Lessor or Owner Participant; and provided, further, that Lessee shall not be in default under this sentence if it is not possible for Lessee to comply with the laws of a jurisdiction other than the United States (or other than any jurisdiction in which the Aircraft is then registered) because of a conflict with the applicable laws of the United States (or such jurisdiction in which the Aircraft is then registered) in which event Lessee shall use its reasonable best efforts to cause the Aircraft to be removed, as soon as practicable, from the jurisdiction other than the United States (or other than the jurisdiction in which the Aircraft is then registered) creating the conflict or take such other reasonable action (including, if necessary, changing the registration of the Aircraft unless the Aircraft is then registered in the United States), as soon as practicable, as may be necessary to avoid the conflict.

Lessee may operate or allow the Aircraft to be operated anywhere in the world, except that Lessee agrees not to operate or locate the Aircraft, or suffer the Aircraft to be operated or located:

(A) in any area excluded from coverage by any insurance required by the terms of Section 11, except in the case of a requisition for use by the U.S. government where Lessee obtains indemnity in lieu of such insurance from the U.S. government against the risks and in the amounts required by Section 11 covering such area, or

(B) in any war zone or recognized or, in Lessee's reasonable judgment, threatened area of hostilities unless covered by war risk insurance or unless the Aircraft is operated or used under contract with the U.S. government under which contract the U.S. government assumes liability for loss of, damage to, or loss of use of, the Aircraft and for injury to persons or damage to property of others.

(b) Possession. Lessee will not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of the Airframe or any Engine or install any Engine, or permit any Engine to be installed, on any airframe other than the Airframe; provided that Lessee or a Person permitted to be in possession of the Aircraft, the Airframe or any Engine may, without the prior consent of Lessor:

(i) [Intentionally Left Blank.]

(ii) deliver possession of the Airframe or any Engine to any Person for testing, service, repair, reconditioning, restoration, storage, maintenance, overhaul work or other similar purposes or for alterations, modifications or additions to the Airframe or such Engine to the extent required or permitted by the terms of this Lease;

(iii) transfer possession of the Airframe or any Engine to the U.S. government pursuant to a sublease, contract or other instrument, a copy of which shall be furnished to Lessor; provided that the term of such sublease (including, without limitation, any option of the sublessee to renew or extend) or the term of possession under such contract or other instrument shall not continue beyond the end of the Basic Term or any Renewal Term then in effect or any Renewal Term that Lessee has irrevocably notified Lessor that it will exercise;

(iv) subject the Airframe or any Engine to the CRAF Program or transfer possession of the Airframe or any Engine at any time to the U.S. government or any instrumentality or agency thereof in accordance with applicable laws, rulings, regulations or orders (including, without limitation, the CRAF Program); provided that Lessee (A) shall promptly notify Lessor upon transferring possession of the Airframe or any Engine pursuant to this clause (iv) and (B) in the case of a transfer of possession pursuant to the CRAF Program, within 60 days thereof, shall notify Lessor of the name, address and phone number of the responsible Contracting Office Representative for the Air Mobility Command of the U.S. Air Force or other appropriate Person to whom notices must be given with respect to such Airframe or Engine;

(v) install an Engine on an airframe owned by Lessee free and clear of all Liens except Permitted Liens and those which apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to the airframe as an entirety);

(vi) install an Engine on an airframe leased, purchased or owned by Lessee subject to a lease, conditional sale or other security agreement; provided that (A) such airframe is free and clear of all Liens except (1) the rights of the parties to the lease or conditional sale or other security agreement covering such airframe and (2) Liens of the type permitted by clause (v) above and (B) either (1) there shall have been obtained from the lessor, conditional vendor or secured party of such airframe a written agreement (which may be the lease or conditional sale or other security agreement covering such airframe), in form and substance satisfactory to Lessor (it being understood that an agreement from such lessor, conditional vendor or secured party substantially in the form of Section 4(f) shall be deemed to be satisfactory to Lessor) whereby such lessor, conditional vendor or secured party expressly agrees that it will not acquire or claim any right, title or interest in any Engine by reason of such Engine being installed on such airframe at any time while such Engine is subject to this Lease or title thereto is held by Lessor or (2) such lease, conditional sale or other security agreement effectively provides that such Engine shall not become subject to the Lien of such lease, conditional sale or other security agreement at any time while such Engine is subject to this Lease or title thereto is held by Lessor, notwithstanding the installation thereof on such airframe;

(vii) install an Engine on an airframe owned by Lessee, leased to Lessee or owned by Lessee subject to a conditional sale or other security agreement under circumstances where neither clause (v) nor clause (vi) is applicable; provided that, if such installation shall divest Lessor's title to such Engine, such installation shall be deemed an Event of Loss with respect to such Engine and Lessee shall comply with Section 8(d) in respect thereof, it being understood that Lessor does not intend hereby to waive any right or interest it may have to or in such Engine under applicable law until compliance by Lessee with such Section 8(d); and

(viii) sublease any Engine or the Airframe and Engines or engines then installed on the Airframe; provided that (A) such sublease will be to a Permitted Sublessee; (B) the sublessee is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person; (C) the term of such sublease (including, without limitation, any option of the sublessee to renew or extend) shall not continue beyond the end of the Basic Term or any Renewal Term then in effect or any Renewal Term that Lessee has irrevocably notified Lessor that it will exercise; (D) such sublease shall require the sublessee to maintain such Engine or such Airframe and Engines, as the case may be (or cause such Engine or such Airframe and Engines, as the case may be, to be maintained) pursuant to an Approved Program and otherwise in compliance with the terms of this Lease; and (E) Lessor and Owner Participant shall have received assurances reasonably satisfactory to the Owner Participant to the effect that the insurance provisions of the Lease shall have been complied with after giving effect to such sublease;

provided that the rights of any transferee who receives possession by reason of a transfer permitted by this subsection (b) (other than the transfer of an Engine which is deemed an Event of Loss) shall be, during the period of such possession, subject and subordinate to, and any sublease permitted by this subsection (b) shall be made expressly subject and subordinate to, all the terms of this Lease, including, without limitation, Lessor's rights to repossession pursuant to Section 15 and to avoid and terminate such sublease upon the occurrence of an Event of Default, and Lessee shall in all events remain primarily liable hereunder for the performance and observance of all the terms and conditions of this Lease (including, without limitation, the terms and conditions set forth in Section 7(a)(ii) and Section 11) to the same extent as if such sublease or transfer had not occurred, and that any such sublease shall provide that (except with respect to a sublease to a Permitted Sublessee described in clause (i) of the definition thereof) the sublessee may not further sub-sublease the Aircraft. No sublease or other relinquishment of possession of the Airframe or any Engine shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder. Lessee shall, prior to entering into a sublease of the Airframe or Engines, notify Lessor of the identity of the sublessee and the term of such sublease, and provide Lessor with a copy of such sublease; provided that the identity of the sublessee and the existence and terms of such sublease shall be Confidential Information and shall be held by Lessor in accordance with the provisions of Section 23. Any sublease having a term (including available renewal terms) in excess of 12 months shall be assigned to Lessor as additional security for the

obligations of Lessee hereunder (such assignment to be on such terms and subject to such conditions (including the making of registrations with the International Registry and filings and notifications with the FAA or other applicable governmental authority) as shall be reasonably satisfactory to Lessor and Lessee).

Lessor acknowledges that any “wet lease” or other similar arrangement under which Lessee maintains operational control of the Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this subsection (b). No “wet lease” will extend beyond the Basic Term or any Renewal Term then in effect or any Renewal Term that Lessee has irrevocably notified Lessor that it will exercise.

(c) Insignia. No later than 30 days following the Delivery Date, Lessee shall affix and shall thereafter during the Term maintain in the cockpit of the Airframe adjacent to the airworthiness certificate therein and (if not prevented by applicable law or regulations or by any governmental authority) on each Engine a metal nameplate bearing the legible inscription “TITLE TO THIS AIRCRAFT/ENGINE IS HELD BY WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, NOT IN ITS INDIVIDUAL CAPACITY, BUT SOLELY AS OWNER TRUSTEE, AS LESSOR, WHICH HAS LEASED THIS AIRCRAFT/ENGINE TO AMERICAN AIRLINES, INC.”, such nameplate to be replaced, if need be, with a nameplate reflecting the name of any successor Owner Trustee. Except as provided above, Lessee will not allow the name of any Person to be placed on the Airframe or on any Engine as a designation that constitutes a claim of ownership; provided that nothing herein contained shall prohibit Lessee from placing its customary colors and insignia (and those of any code-sharing partner or the oneworld global alliance or any member thereof) on such Airframe or Engine or displaying information concerning the registration of the Aircraft.

Section 8. Replacement and Pooling of Parts; Alterations, Modifications and Additions; Substitution of Engines.

(a) Replacement of Parts. Lessee, at its own cost and expense, will promptly replace or cause to be replaced all Parts which may from time to time be incorporated or installed in or attached to the Airframe or any Engine and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, except as otherwise provided in subsection (c) or if the Airframe or any Engine to which a Part relates has suffered an Event of Loss. In addition, Lessee may, at its own cost and expense, remove or cause to be removed in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided that Lessee, except as otherwise provided in subsection (c), will, at its own cost and expense, replace or cause to be replaced such Parts as promptly as practicable. All replacement parts shall be free and clear of all Liens (except for Permitted Liens) and shall as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced, assuming such replaced Parts were in the condition and state of repair required by the terms hereof. Title to all Parts at any time removed from the Airframe or any Engine shall remain vested in Lessor, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to the Airframe or any Engine and which meet the requirements for replacement parts specified above. Immediately upon any

replacement part becoming incorporated or installed in or attached to the Airframe or any Engine as above provided, without further act, (i) title to the replaced Part shall thereupon vest in Lessee, free and clear of all right, title and interest of Lessor and of Lessor's Liens and Liens of the type described in Section 6(h), and shall no longer be deemed a Part hereunder, (ii) title to such replacement part shall thereupon vest in Lessor free and clear of all Liens (except Permitted Liens) and (iii) such replacement part shall become subject to this Lease and be deemed part of the Airframe or such Engine, and a Part, for all purposes to the same extent as the Parts originally incorporated or installed in or attached to the Airframe or such Engine.

(b) Pooling of Parts. Any Part removed from the Airframe or an Engine as provided in subsection (a) may be subjected by Lessee or a Person permitted hereunder to be in possession of the Aircraft to a pooling arrangement customary in the airline industry entered into in the ordinary course of Lessee's or such other Person's business; provided that a part replacing such removed Part shall be incorporated or installed in or attached to the Airframe or such Engine in accordance with subsection (a) as promptly as practicable after the removal of such removed Part, but in any case before the last day of the Term. In addition, any replacement Part when incorporated or installed in or attached to the Airframe or an Engine in accordance with subsection (a) may be owned by a third party subject to such a pooling arrangement; provided that Lessee, at its expense, as promptly thereafter as practicable, either (i) causes title to such replacement Part to vest in Lessor in accordance with subsection (a) by Lessee (or any such Person) acquiring title thereto for the benefit of, and transferring such title to, Lessor free and clear of all Liens (other than Permitted Liens) or (ii) replaces or causes to be replaced such replacement Part by incorporating or installing in or attaching to the Airframe or such Engine a further replacement Part owned by Lessee (or any such Person) free and clear of all Liens (other than Permitted Liens) and otherwise satisfying the requirements of subsection (a) above, and by causing title to such further replacement Part to vest in Lessor in accordance with subsection (a).

(c) Alterations, Modifications and Additions. Lessee will make or cause to be made such alterations and modifications in and additions to the Airframe, the Engines and the Parts as may be required from time to time to meet the applicable standards of the FAA or other applicable regulatory agency or body of the foreign jurisdiction in which the Aircraft is then registered as permitted by Section 7(a); provided that Lessee may in good faith contest the validity or application of any such standard in any reasonable manner which does not materially adversely affect Lessor, Owner Participant or their respective interests in the Aircraft or involve any material risk of criminal liability or material civil penalty against Lessor or Owner Participant. In addition, Lessee, at its own expense, may from time to time make or cause to be made such alterations and modifications in and additions to the Airframe, any Engine or any Part as Lessee may deem desirable in the proper conduct of its business, including without limitation, removal of Parts that Lessee deems to be obsolete or no longer suitable or appropriate for use on the Airframe or such Engine (such Parts, "**Obsolete Parts**"); provided that no such alteration, modification, addition or removal shall materially diminish the value (except as described in the last proviso of this sentence) or utility of the Airframe or such Engine, or impair the condition or airworthiness thereof, below the value, utility, condition and airworthiness thereof immediately prior to such alteration, modification, addition or removal assuming the Airframe or such Engine was then of the value and utility and in the condition and airworthiness required to be maintained by the terms of this Lease; provided that the value (but not the utility, condition or airworthiness) of the Aircraft may be reduced by the value of the Obsolete Parts which shall have been

removed, if the aggregate value of all such Obsolete Parts removed from the Aircraft and not replaced in accordance with the terms of this Section 8 shall not exceed the amount specified in Schedule A to the Participation Agreement. Title to all Parts incorporated or installed in or attached or added to the Airframe or any Engine or Part as the result of such alteration, modification or addition shall, without further act, vest in Lessor. Lessor shall not be required under any circumstances to pay or compensate Lessee for any such alteration, modification or addition. Notwithstanding the foregoing, Lessee may, at any time during the Term, remove any Part; provided that (i) such Part is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached (or which should have been incorporated or installed in or attached) to the Airframe or such Engine at the time of delivery thereof to Lessee on the Delivery Date or any Part in replacement of, or substitution for, any such Part, (ii) such Part is not required to be incorporated or installed in or attached or added to such Airframe or Engine pursuant to the first sentence of this subsection (c) and (iii) such Part can be removed from the Airframe or such Engine without materially diminishing or impairing the value, utility, condition or airworthiness required to be maintained by the terms of this Lease which the Airframe or such Engine would have had at such time had such Part never been installed on the Airframe or such Engine. Upon the removal by Lessee of any Part as provided in the immediately preceding sentence or the removal of any Obsolete Part permitted by this subsection (c), title thereto shall, without further act, vest in Lessee, free and clear of all right, title and interest of Lessor and of Lessor's Liens, and such Part shall no longer be deemed part of the Airframe or the Engine from which it was removed. Title to any Part not removed by Lessee as provided in such second preceding sentence prior to the return of the Airframe or such Engine to Lessor hereunder shall remain vested in Lessor.

(d) Substitution of Engines.

(i) Lessee shall have the right at its option at any time, so long as no Event of Default shall have occurred and be continuing, on at least 30 days' prior notice to Lessor, to terminate this Lease with respect to any Engine by substituting a Replacement Engine for such Engine (it being understood that the Return Conditions shall apply, in lieu of this Section 8(d), to any substitutions that occur pursuant to Section I of Annex B). In addition, if an Event of Loss shall have occurred or shall have been deemed to have occurred pursuant to Section 7(b) or Section 10(d) with respect to an Engine (other than an Event of Loss that also includes the Airframe, in which event Section 10(a) shall apply), Lessee shall within 60 days of the occurrence of such Event of Loss and on at least five days' prior notice to Lessor substitute a Replacement Engine for such Engine (any such Engine suffering such Event of Loss or being substituted pursuant to the first sentence of this paragraph, a "**Replaced Engine**"). Any such Replacement Engine will have value and utility at least equal to (but in any event without regard to the number of hours or cycles) the Replaced Engine (assuming that such Replaced Engine was of the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss); provided that, if any Replacement Engine is being substituted for a Replaced Engine pursuant to the first sentence of this paragraph, any such Replacement Engine will have value and utility at least equal to (taking into account the number of hours or cycles since new or overhaul, whichever is more recent) the Replaced Engine (assuming that such Replaced Engine was of the condition and repair required by the terms hereof immediately prior to such substitution). No Event of Loss with respect to an Engine shall result in any reduction in Basic Rent.

(ii) Prior to or at the time of any such substitution, Lessee shall:

(A) furnish Lessor with a warranty (as to title) bill of sale (which warranty shall except Permitted Liens) with respect to such Replacement Engine, which in the case of any such conveyance to which the Cape Town Treaty is applicable shall be in such form as will qualify as a “contract of sale” pursuant to Article V of the Aircraft Protocol;

(B) if the seller of such Replacement Engine is “situated in” a country that has ratified the Cape Town Treaty, cause the sale of such Replacement Engine to Lessor to be registered on the International Registry as a Sale (or, if the seller of such Replacement Engine is not situated in a country that has ratified the Cape Town Treaty, use reasonable efforts to cause the seller to register the sale of such Replacement Engine on the International Registry);

(C) cause a Lease Supplement substantially in the form of Exhibit A, subjecting such Replacement Engine to this Lease, and duly executed by Lessee, to be delivered to Lessor for execution (and Lessor shall promptly execute such Lease Supplement) and, upon such execution, to be filed for recordation pursuant to the Transportation Code or, if necessary, pursuant to the applicable laws of such jurisdiction other than the United States in which the Aircraft is registered, as the case may be;

(D) cause the International Interest created pursuant to the Lease Supplement in favor of Lessor with respect to such Replacement Engine to be registered on the International Registry as an International Interest;

(E) furnish Lessor with such evidence of compliance with the insurance provisions of Section 11 with respect to such Replacement Engine as Lessor may reasonably request; and

(F) (x) if such Replacement Engine is being substituted for a Replaced Engine pursuant to the first sentence of Section 8(d)(i), furnish Lessor with a certificate of an aircraft engineer or appraiser (who may be an employee of Lessee) certifying that such Replacement Engine has a value and utility (taking into account the number of hours or cycles since new or overhaul, whichever is more recent) at least equal to, and is in as good operating condition as, the Engine so replaced assuming such Engine was in the condition and repair required by the terms hereof; and (y) if such Replacement Engine is being substituted for a Replaced Engine pursuant to the second sentence of Section 8(d)(i), furnish Lessor with a certificate of an aircraft engineer or appraiser (who may be an employee of Lessee) certifying that such Replacement Engine has a value and utility (but in any event without regard to the number of hours or cycles) at least equal to, and is in as good operating condition as, the Engine so replaced assuming such Engine was in the condition and repair required by the terms hereof.

Promptly following the recordation of the Lease Supplement covering such Replacement Engine pursuant to the Transportation Code (or pursuant to the applicable laws of the jurisdiction in which the Aircraft is registered) described in clause (C) and the registrations on the International Registry described in clauses (B) and (D), Lessee will cause to be delivered to Lessor an opinion of Aviation Counsel as to such recordation and registration.

(iii) Upon full compliance by Lessee with the terms of subsection (ii), Lessor will transfer to Lessee or its designee the Replaced Engine in accordance with Section 4(g). For all purposes hereof, each Replacement Engine shall, after delivery of the warranty (as to title) bill of sale with respect to such Replacement Engine to Lessor, be deemed part of the property leased hereunder, and be deemed an "Engine" as defined herein, and such Replaced Engine shall cease to be an Engine leased hereunder.

(e) Excluded Equipment. Lessee may install in, and remove from, the Aircraft any Excluded Equipment, and in any such case, Lessor will not acquire or claim any right, title or interest in any such Excluded Equipment as a result of its installation on the Aircraft; provided that in connection with any removal of Excluded Equipment, Lessee shall repair any damage to the Aircraft caused by such removal and shall restore the applicable areas from which such Excluded Equipment was removed to a serviceable condition appropriate for commercial passenger service by Lessee.

Section 9. [Intentionally Left Blank].

Section 10. Loss, Destruction, Requisition, etc.

(a) Event of Loss with Respect to the Airframe. Upon the occurrence during the Term of an Event of Loss with respect to the Airframe, Lessee shall within 15 days after such occurrence give Lessor notice of such Event of Loss, and Lessee shall, on the Loss Payment Date, pay, or cause to be paid, (A) to Lessor, the Stipulated Loss Value for the Aircraft and (B) to the Persons entitled thereto, all Supplemental Rent other than Stipulated Loss Value due and owing on such Loss Payment Date; provided that (x) if the Loss Payment Date is a Lease Period Date, Lessee shall have no obligation to pay the installment of Basic Rent that would otherwise be due and payable on such Lease Period Date and (y) if the Loss Payment Date is not a Lease Period Date, Lessee shall be entitled to credit against its obligation to pay Stipulated Loss Value the portion of the installment of Basic Rent allocable to the period from (and including) such Loss Payment Date to (but not including) the next succeeding Lease Period Date, or if no Lease Period Date succeeds such Loss Payment Date, the last day of the Term.

The "**Loss Payment Date**" with respect to an Event of Loss means the 90th day following the date of the occurrence of such Event of Loss.

In the event of payment in full of the Stipulated Loss Value for the Aircraft and all amounts payable pursuant to this Section 10(a):

- (i) the obligation of Lessee to pay Basic Rent hereunder on any Lease Period Date occurring on or subsequent to the Loss Payment Date shall terminate;
- (ii) the obligation of Lessee to pay Supplemental Rent (other than payments of Supplemental Rent for indemnities surviving pursuant to Section 7.3.1 of the Participation Agreement or to be made by Lessee in respect of liabilities and obligations of Lessee which have accrued but not been paid or which are in dispute as of the date of such payment) shall terminate;
- (iii) the Term shall end; and
- (iv) Lessor shall transfer the Aircraft to Lessee or its designee in accordance with Section 4(g).

(b) Payments with Respect to Events of Loss. Any payments (other than insurance proceeds, the application of which is provided for in Section 11) received at any time by Lessor or by Lessee from any governmental authority or other Person with respect to an Event of Loss to the Airframe or any Engine will be applied as follows:

(i) if such payments are received with respect to the Airframe (or the Airframe and the Engines or engines installed on the Airframe), (A) such payments shall, after reimbursement of Lessor for costs and expenses, be applied in reduction of Lessee's obligation to pay the Stipulated Loss Value and other amounts required to be paid by Lessee pursuant to subsection (a), if not already paid by Lessee or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of Stipulated Loss Value and such other amounts, and (B) the balance, if any, of such payment remaining thereafter will be apportioned between Lessee (or its designee) and Lessor as their interests may appear; and

(ii) if such payments are received with respect to an Event of Loss with respect to an Engine under circumstances contemplated by Section 8(d), such payments shall be paid over to, or retained by, Lessee or its designee; provided that, in the case of an Engine with respect to which an Event of Loss shall have occurred or shall have been deemed to have occurred pursuant to Section 7(b) or Section 10(d), Lessee shall have fully performed the terms of Section 8(d) with respect to the Event of Loss for which such payments are made.

(c) Requisition for Use of the Airframe Not Constituting an Event of Loss. In the event of the requisition for use by the U.S. government (including for this purpose any agency or instrumentality thereof), including, without limitation, pursuant to the CRAF Program, of the Airframe and the Engines or engines installed thereon during the Term not constituting an Event of Loss, Lessee shall promptly notify Lessor of such requisition, and all of Lessee's obligations under this Lease with respect to the Aircraft shall (to the extent feasible with respect to obligations other than payment obligations) continue to the same extent as if such requisition had not occurred.

All payments received by Lessor or Lessee from the U.S. government for the use of the Airframe and such Engines or engines during the Term shall be paid over to, or retained by,

Lessee or its designee; and all payments received by Lessor or Lessee from the U.S. government for the use of the Airframe and such Engines or engines after the Term shall be paid over to, or retained by, Lessor; provided that if such requisition constitutes an Event of Loss, then all such payments shall be applied as provided in Section 10(b).

(d) Requisition for Use by a Government of an Engine. In the event of the requisition for use by the U.S. government (including for this purpose any agency or instrumentality thereof), for a period in excess of 60 days, of any Engine (but not the Airframe) during the Term not constituting an Event of Loss, Lessee will replace such Engine hereunder by substituting another engine for such Engine in accordance with the terms of Section 8(d) to the same extent as if an Event of Loss had occurred with respect to such Engine, and any payments received by Lessor or Lessee from the U.S. government with respect to such requisition shall be paid over to, or retained by, Lessee or its designee.

(e) Application of Payments During Existence of Event of Default. Any amount referred to in subsection (b), subsection (c) or subsection (d) which is payable to Lessee or its designee shall not be paid to Lessee or its designee (or, if it has been previously paid directly to Lessee, shall not be retained by Lessee), if at the time of such payment an Event of Default shall have occurred and be continuing, but shall be paid to and held by Lessor pursuant to Section 22 as security for the obligations of Lessee under this Lease, and at such time as there shall not be continuing any such Event of Default such amount shall be paid to Lessee or its designee.

(f) Event of Loss with Respect to Engine. Upon the occurrence during the Term of an Event of Loss with respect to an Engine (other than an Event of Loss that also includes the Airframe, in which event Section 10(a) shall apply), the parties shall comply with the terms of Section 8(d) with respect thereto.

Section 11. Insurance.

(a) Aircraft Liability Insurance.

(i) Except as provided in clause (ii) of this subsection (a) and subject to self-insurance to the extent specified in subsection (c), Lessee will carry, or cause to be carried at no expense to the Specified Persons, aircraft liability insurance (including, but not limited to, bodily injury, personal injury and property damage liability, exclusive of manufacturer's product liability insurance) and contractual liability insurance with respect to the Aircraft (x) in amounts per occurrence that are not less than the aircraft liability insurance applicable to similar aircraft and engines in Lessee's fleet on which Lessee carries insurance (provided that such liability insurance (including self-insurance specified in subsection (c)) shall not be less than the amount per occurrence certified in the insurance report delivered to Lessor on the Delivery Date); (y) of the type usually

³ Amount to be certified shall be no less than [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

carried by corporations engaged in the same or similar business, similarly situated with Lessee, and operating similar aircraft and engines and covering risks of the kind customarily insured against by Lessee; and (z) that is maintained in effect with insurers of recognized responsibility; provided that Lessee will carry, or cause to be carried, at no expense to the Specified Persons, aircraft liability war risk and allied perils insurance, if and only to the extent the same is maintained by Lessee with respect to other aircraft operated by Lessee on the same routes. Any policies of insurance carried in accordance with this subsection (a) and any policies taken out in substitution or replacement for any of such policies shall (A) name the Specified Persons as additional insureds; (B) subject to the conditions of clause (C) below, provide that, in respect of the interests of the Specified Persons in such policies, the insurance shall not be invalidated by any action or inaction of Lessee and shall insure the respective interests of the Specified Persons as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee; (C) provide that, except to the extent not provided for by the war risk and allied perils insurance provider, if such insurance is canceled for any reason whatsoever, or if any change is made in the policy that reduces the amount of insurance or the coverage certified in the insurance report delivered to the Specified Persons on the Delivery Date or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to any Specified Person for 30 days (seven days, or such other period as is customarily available in the industry, in the case of any war risk or allied perils coverage) after receipt by such Specified Person of written notice from such insurers of such cancellation, change or lapse; (D) provide that the Specified Persons shall not have any obligation or liability for premiums, commissions, assessments or calls in connection with such insurance; (E) provide that the insurers shall waive any rights of (1) set-off, counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Specified Persons to the extent of any moneys due to the Specified Persons and (2) subrogation against the Specified Persons to the extent that Lessee has waived its rights by its agreements to indemnify the Specified Persons pursuant hereto or in the other Operative Documents; (F) be primary without right of contribution from any other insurance that may be carried by any Specified Person; and (G) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. In the case of a sublease or contract with the U.S. government in respect of the Aircraft or any Engine, or in the case of any requisition for use of the Aircraft or any Engine by the U.S. government, a valid agreement by the U.S. government to indemnify Lessee, or an insurance policy issued by the U.S. government, against any risks that Lessee is required hereunder to insure against shall be considered adequate insurance for purposes of this subsection (a) to the extent of the risks (and in the amounts) that are the subject of such indemnification or insurance. The insurance provisions set forth above for the benefit of the Specified Persons shall only apply to the extent that Lessee has agreed to indemnify such Specified Person pursuant to the Operative Documents or a consent and acknowledgement referred to in Section 8.3.2(b) of the Participation Agreement and then only in such Specified Person's capacity as Lessor, Trust Company, Owner Participant or Back-Leveraging Indemnified Person, as applicable. To the extent that the war-risk and allied perils insurance provider does not provide for provision of direct notice to Specified Persons of cancellation,

change or lapse in the insurance required hereunder, Lessee hereby agrees that upon receipt of notice of any thereof from such insurance provider it shall give the Specified Persons immediate notice of each cancellation or lapse of, or material change to, such insurance.

(ii) During any period that the Airframe or an Engine, as the case may be, is on the ground and not in operation, Lessee may carry or cause to be carried as to such non-operating Airframe or Engine, in lieu of the insurance required by clause (i) above, and subject to self-insurance to the extent specified in subsection (c), insurance otherwise conforming with the provisions of said clause (i) except that: (A) the amounts of coverage shall not be required to exceed the amounts of airline liability insurance from time to time applicable to airframes or engines owned or leased by Lessee of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation and (B) the scope of the risks covered and the type of insurance shall be the same as from time to time applicable to airframes or engines owned or leased by Lessee of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation.

(b) Insurance Against Loss or Damage to Aircraft.

(i) Except as provided in clause (ii) of this subsection (b), and subject to self-insurance to the extent specified in subsection (c), Lessee shall maintain, or cause to be maintained, in effect with insurers of recognized responsibility, at no expense to the Specified Persons, all-risk aircraft hull insurance covering the Aircraft and all-risk coverage with respect to any Engines or Parts while removed from the Aircraft (including, without limitation, war risk and allied perils insurance if and to the extent the same is maintained by Lessee or, in the case of a sublease to a Permitted Sublessee, such Permitted Sublessee, with respect to other aircraft operated by Lessee or such Permitted Sublessee, as the case may be, on the same routes) that is of the type usually carried by corporations engaged in the same or similar business and similarly situated with Lessee; provided that (x) such insurance (including self-insurance specified in subsection (c)) will at all times while the Aircraft is subject to this Lease be for an amount not less than the Stipulated Loss Value for the Aircraft from time to time and (y) such insurance need not cover an Engine while attached to an airframe not owned, leased or operated by Lessee. Any policies carried in accordance with this subsection (b) and any policies taken out in substitution or replacement for any such policies shall (A) provide that any insurance proceeds up to an amount equal to the Stipulated Loss Value, payable for any loss or damage constituting an Event of Loss with respect to the Aircraft, and any insurance proceeds in excess of the Insurance Threshold Amount, up to the amount of the Stipulated Loss Value, for any loss or damage to the Aircraft (or Engines) not constituting an Event of Loss with respect to the Aircraft, shall be paid to the Loss Payee, and that all other amounts shall be payable to Lessee or its designee unless the insurer shall have received notice that an Event of Default exists, in which case all insurance proceeds for any loss or damage to the Aircraft (or Engines) up to the Stipulated Loss Value shall be payable to the Loss Payee; (B) subject to the conditions of clause (C) below, provide that, in respect of the interests of the Specified Persons in such policies, the insurance shall not be invalidated by any action or inaction of Lessee and shall insure

their respective interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee; (C) provide that, except to the extent not provided by the war risk and allied perils insurance provider, if such insurance is canceled for any reason whatsoever, or if any change is made in the policy that reduces the amount of insurance or the coverage certified in the insurance report delivered to the Specified Persons on the Delivery Date or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to any Specified Person for 30 days (seven days, or such other period as is customarily available in the industry, in the case of any war risk or allied perils coverage) after receipt by such Specified Person of written notice from such insurers of such cancellation, change or lapse; (D) provide that the Specified Persons shall not have any obligation or liability for premiums, commissions, assessments or calls in connection with such insurance; (E) provide that the insurers shall waive any rights of (1) set-off, counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Specified Persons to the extent of any moneys due to the Specified Persons and (2) subrogation against the Specified Persons to the extent that Lessee has waived its rights by its agreements to indemnify the Specified Persons pursuant hereto or in the other Operative Documents; and (F) be primary without right of contribution from any other insurance that may be carried by any Specified Person. In the case of a sublease or contract with the U.S. government in respect of the Aircraft or any Engine, or in the case of any requisition for use of the Aircraft or any Engine by the U.S. government, a valid agreement by the U.S. government to indemnify Lessee, or an insurance policy issued by the U.S. government, against any risks that Lessee is required hereunder to insure against shall be considered adequate insurance for purposes of this subsection (b) to the extent of the risks (and in the amounts) that are the subject of such indemnification or insurance. The insurance provisions set forth above for the benefit of the Specified Persons shall only apply to the extent that Lessee has agreed to indemnify such Specified Person pursuant to the Operative Documents or a consent and acknowledgement referred to in Section 8.3.2(b) of the Participation Agreement and then only in such Specified Person's capacity as Lessor, Trust Company, Owner Participant or Back-Leveraging Indemnified Person, as applicable. To the extent that the war-risk and allied perils insurance provider does not provide for provision of direct notice to Specified Persons of cancellation, change or lapse in the insurance required hereunder, Lessee hereby agrees that upon receipt of notice of any thereof from such insurance provider it shall give the Specified Persons immediate notice of each cancellation or lapse of, or material change to, such insurance.

(ii) During any period that the Airframe or Engine is on the ground and not in operation, Lessee may carry or cause to be carried as to such non-operating Airframe or Engine, in lieu of the insurance required by clause (i) above, and subject to self-insurance to the extent specified in subsection (c), insurance otherwise conforming with the provisions of said clause (i) except that the scope of the risks covered and the type of insurance shall be the same as from time to time applicable to airframes or engines owned or leased by Lessee of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation; provided that, subject to self-insurance to the extent permitted by subsection (c), Lessee shall maintain insurance against risk of loss or damage to such non-operating Airframe in an amount at least equal to the Stipulated Loss Value during such period that such Airframe is on the ground and not in operation.

(c) Self-Insurance. Lessee may from time to time self-insure, by way of deductible, self-insured retention, premium adjustment or franchise or otherwise (including, with respect to insurance maintained pursuant to subsection (a) or (b) above, insuring for a maximum amount that is less than the amounts required by subsection (a) or (b)), the risks required to be insured against pursuant to subsection (a) or (b), but in no case shall such self-insurance with respect to all of the aircraft and engines in Lessee's fleet (including, without limitation, the Aircraft) exceed for any 12-month policy year 1% of the average aggregate insurable value (for the preceding policy year) of all aircraft (including, without limitation, the Aircraft) on which Lessee carries insurance unless Lessee's independent aircraft insurance broker certifies that the standard among major U.S. airlines is a higher level of self insurance, in which event Lessee may self insure the Aircraft to such higher level; provided that a deductible per occurrence that, in the case of the Aircraft, is not in excess of the amount customarily allowed as a deductible in the industry or is required to facilitate claims handling shall be permitted in addition to the above-mentioned self-insurance.

(d) Application of Insurance Payments. All losses will be adjusted by Lessee with the insurers. All insurance payments received under policies required to be maintained by Lessee hereunder, exclusive of any payments received in excess of the Stipulated Loss Value for the Aircraft from such policies, as the result of the occurrence of an Event of Loss with respect to the Airframe or an Engine will be applied as follows:

(i) if such payments are received with respect to the Airframe (or the Airframe and the Engines installed on the Airframe), so much of such payments remaining after reimbursement of Lessor for its costs and expenses shall be applied (A) in reduction of Lessee's obligation to pay the Stipulated Loss Value and other amounts required to be paid by Lessee pursuant to Section 10(a), if not already paid by Lessee, or, if already paid by Lessee, will be applied to reimburse Lessee for its payment of such Stipulated Loss Value and such other amounts, and (B) the balance, if any, of such payment remaining thereafter will be paid over to, or retained by, Lessee or its designee; and

(ii) if such payments are received with respect to an Event of Loss with respect to an Engine under the circumstances contemplated by Section 8(d), such payments shall be paid over to, or retained by, Lessee or its designee; provided that in the case of an Engine with respect to which an Event of Loss shall have occurred or shall have been deemed to have occurred pursuant to Section 7(b) or Section 10(d) Lessee shall have fully performed the terms of Section 8(d) with respect to the Event of Loss for which such payments are made.

In all events, the insurance payment for any loss or damage to the Aircraft in excess of the Stipulated Loss Value for the Aircraft shall be paid to Lessee or its designee.

The insurance payments for any loss or damage to the Airframe or an Engine not constituting an Event of Loss with respect to the Airframe or such Engine will be applied in

payment (or to reimburse Lessee) for repairs or for replacement property in accordance with the terms of Section 7 and Section 8, and any balance remaining after compliance with such Sections with respect to such loss or damage shall be paid to Lessee or its designee. Any amount referred to in the preceding sentence or in clause (i) or (ii) of the second preceding paragraph which is payable to Lessee or its designee shall not be paid to Lessee or its designee (or, if it has been previously paid directly to Lessee, shall not be retained by Lessee) if at the time of such payment an Event of Default shall have occurred and be continuing, but shall be paid to and held by Lessor pursuant to Section 22, as security for the obligations of Lessee under this Lease, and at such time as there shall not be continuing any such Event of Default, such amount shall be paid to Lessee or its designee.

(e) Reports, Etc. On or before the Delivery Date, and annually upon renewal of Lessee's insurance coverage, Lessee will furnish to each Specified Person a report signed by a firm of independent aircraft insurance brokers appointed by Lessee (which firm may be in the regular employ of Lessee), stating the opinion of such firm that the commercial hull and liability insurance then carried and maintained on the Aircraft complies with the terms hereof; provided that all information contained in such report shall be Confidential Information and shall be treated as such by each of the Specified Persons and their respective officers, directors, agents and employees in accordance with the provisions of Section 23. Lessee will cause such firm to agree to advise each Specified Person in writing of any default in the payment of any premium or of any other act or omission on the part of Lessee of which such firm has knowledge and that might invalidate or render unenforceable, in whole or in part, any insurance on the Aircraft. Lessee will also cause such firm to advise each Specified Person in writing as promptly as practicable after such firm acquires knowledge that an interruption of any insurance carried and maintained on the Aircraft pursuant to this Section will occur.

(f) Salvage Rights; Other. All salvage rights to the Airframe and each Engine shall remain with Lessee's insurers at all times. Nothing in this Section shall limit or prohibit each Specified Person or Lessee from obtaining insurance for its own account, and at its sole expense, with respect to the Airframe or any Engine, and any proceeds payable under such insurance shall be payable as provided in the insurance policy relating thereto; provided that no such insurance may be obtained which would limit or otherwise adversely affect the coverage or amounts payable under, or increase the premiums for, any insurance required to be maintained pursuant to this Section or any other insurance maintained by Lessee (or, in the case of a sublease to a Permitted Sublessee, such Permitted Sublessee) with respect to the Aircraft or any other aircraft in the fleet of Lessee (or such Permitted Sublessee).

Section 12. Inspection.

(a) Annual Inspection of Aircraft. At all reasonable times during the Term (but not more than once annually unless an Event of Default has occurred and is continuing, in which case there shall be no restriction on the number of inspections), upon at least 10 days' prior written notice to Lessee from Lessor, Lessor or its authorized representative (together with any representative of a potential financing party, lessee or transferee, if applicable, referred to in Section 12(b), the "**Inspecting Party**") may at its own expense (other than following the occurrence and during the continuance of an Event of Default, in which case the reasonable expenses of one inspection, as designated by the Lessor, shall be at the expense of Lessee) and

risk (including, without limitation, any risk of personal injury), conduct a non-intrusive, visual walk-around inspection of the Aircraft and any Engine that may include going on board the Aircraft and examining the contents of any open panels, bays or other components of the Aircraft (but shall not include the opening of any unopened panels, bays or other components) and, subject to Section 12(c), may inspect the books and records of Lessee relating to the Aircraft specified in Annex C; provided that (i) the Inspecting Party shall provide, prior to conducting any such inspection, assurances reasonably satisfactory to Lessee that it is fully insured with respect to any risks incurred in connection with any such inspection and, if requested by Lessee, a written release satisfactory to Lessee with respect to such risks; (ii) any such inspection shall be subject to the safety, security and workplace rules applicable at the location where such inspection is conducted and to the requirements of any applicable law; and (iii) all such inspections shall be conducted so as not to interfere with Lessee's business or the operation or maintenance of the Aircraft, and, in the case of an inspection during a maintenance visit, such inspection shall not in any respect interfere with the normal conduct of such maintenance visit or extend the time required for such maintenance visit (as determined by Lessee in its sole discretion).

Lessor shall not have any duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection. No inspection pursuant to this Section shall relieve Lessee of any of its obligations under this Lease. Lessee will, upon the request of Lessor at any time, notify Lessor of the time and location of the next scheduled heavy maintenance visit to be conducted by Lessee in respect of the Aircraft during the Term; provided that Lessee shall have the right in its sole discretion to reschedule, or change the location of, any heavy maintenance visit of which it shall have notified Lessor pursuant to this sentence, Lessee hereby agreeing to use reasonable efforts to notify Lessor of any such rescheduling or change.

(b) Marketing Inspection of Aircraft. In addition to the annual inspection described in Section 12(a), but subject to the other conditions and requirements for inspections set forth in Section 12(a), upon at least 10 days' prior written notice to Lessee and during times reasonably acceptable to Lessee, in connection with a proposed financing, lease or transfer of the Aircraft or of the Lease or Owner Participant's interest therein (including the Trust Estate), Lessor or Owner Participant or their respective authorized representatives, and up to two representatives of a potential financing party, lessee or transferee, if applicable, may inspect the Airframe and any Engines installed thereon and, unless Owner Participant has requested electronic records pursuant to Section 12(c), the books and records of Lessee relating thereto specified in Annex C (any such inspection, a "**Marketing Inspection**"); provided that there shall be no more than two Marketing Inspections in any year. The identity of any potential financing party, lessee or transferee shall be held confidential by Lessee in manner consistent with the terms of Section 10.4 of the Participation Agreement.

(c) Electronic Records. In lieu of the annual physical inspection of the books and records referred to in subsection (a) or physical inspection of the books and records referred to in subsection (b), during the Term (but not more than three times annually) Lessor may request that Lessee provide to Lessor some or all of the books and records relating to the Aircraft that are available and are indicated in Annex C as being transmissible in electronic form, and Lessee shall provide such documents in electronic form within 30 days of such request to Lessor.

(d) Confidentiality. All information obtained from Lessee in electronic form or in connection with any inspection shall be Confidential Information and shall be held by Lessor, Owner Participant and any Inspecting Party in accordance with the provisions of Section 23.

(e) Compliance. Notwithstanding anything to the contrary in this Lease, in no event shall Lessee be required to permit Lessor, Owner Participant or any Inspecting Party to inspect any portion of the Aircraft or any Engine that Lessee would be prohibited from showing to such Person pursuant to the Export Administration Regulations or any other applicable law or to disclose to any such Person any information with respect to the Aircraft or any Engine that Lessee would be prohibited from disclosing to such Person pursuant to the Export Administration Regulations or any other applicable law.

Section 13. Assignment. Except as expressly permitted by the Participation Agreement and this Lease, Lessee will not, without the prior written consent of Lessor, such consent not to be unreasonably withheld, Transfer any of its rights or obligations hereunder. Except as expressly permitted by the Participation Agreement, this Lease and Article IX of the Trust Agreement, Lessor will not, without the prior written consent of Lessee, Transfer any of its right, title and interest in and to this Lease or the Aircraft. The terms and provisions of this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns.

Section 14. Events of Default. The following events shall constitute Events of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Event of Default shall be deemed to exist and continue so long as, but only so long as, it shall not have been remedied or waived:

(a) Lessee shall fail to make any payment of Basic Rent (other than the payment of Basic Rent due pursuant to Section U of the Return Conditions) or Stipulated Loss Value within five Business Days after such payment shall be or become due; or

(b) Lessee shall fail to make (i) any payment of Basic Rent due pursuant to Section U of the Return Conditions or (ii) any other payment of Supplemental Rent (including, without limitation, indemnity payments) hereunder (other than those described in subsection (a) above), in either case at the time required to be paid hereunder, and any such failure shall continue unremedied for a period of 10 Business Days after receipt by Lessee of written notice of such failure by Lessor; or

(c) Lessee shall fail to carry and maintain insurance on or with respect to the Aircraft in accordance with the provisions of Section 11; provided that, in the case of insurance with respect to which cancellation, change or lapse for nonpayment of premium shall not be effective as to Lessor or Owner Participant for 30 days (seven days, or such other period as may from time to time be customarily obtainable in the industry, in the case of any war risk or allied perils coverage) after receipt of notice by Lessor or Owner Participant, as the case may be, of such cancellation, change or lapse, no such failure to carry and maintain insurance shall

constitute an Event of Default until the earlier of (i) the date such failure shall have continued unremedied for a period of 20 days (five days in the case of any war risk or allied perils coverage) after receipt by Lessor or Owner Participant, as the case may be, of the notice of cancellation, change or lapse referred to in Section 11(a)(i)(C) or Section 11(b)(i)(C), or (ii) the date on which such insurance is not in effect as to Lessor or Owner Participant; or

(d) Lessee shall fail to perform or observe any other material covenant, condition or agreement not specified elsewhere in this Section 14 to be performed by it under any Operative Document to which Lessee is a party, and such failure in any such case shall continue unremedied for a period of 30 days after receipt by Lessee of written notice thereof by Lessor; provided that, if such failure is capable of being remedied, no such failure shall constitute an Event of Default hereunder for a period of 120 days (or, if such failure relates to the performance or observance of any such covenant, condition or agreement contained in Section 7(a), 8(a), 8(b) or 8(c), 180 days) after receipt of such notice so long as Lessee is diligently proceeding to remedy such failure; or

(e) any representation or warranty made by Lessee in any Operative Document to which Lessee is a party or in any document or certificate furnished by Lessee to Lessor pursuant to the terms of any thereof shall prove to have been incorrect in any material respect at the time made, and such incorrectness shall continue to be material and shall continue to be unremedied for a period of 30 days after receipt by Lessee of written notice thereof by Lessor; or

(f) Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property or Lessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors; or

(g) Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as in effect at such time) or any answer admitting the material allegations of a petition filed against Lessee in any such proceeding, or Lessee shall, by voluntary petition or answer, consent to or seek relief under the provisions of any bankruptcy or other similar law (as in effect at such time) providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or

(h) an order, judgment, or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of any substantial part of its property, or sequestering any substantial part of the property of Lessee, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 90 days after the date of entry thereof; or

(i) a petition against Lessee in a proceeding under the federal bankruptcy laws or other insolvency laws (as in effect at such time) shall be filed and shall not be withdrawn or dismissed within 90 days thereafter, or, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to Lessee, any court of competent

jurisdiction shall assume jurisdiction, custody or control of Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days; or

(j) an “Event of Default” under a Related Lease, if any, shall have occurred and be continuing.

provided that, notwithstanding anything to the contrary contained in this Lease, any failure of Lessee to perform or observe any covenant, condition, or agreement herein shall not constitute an Event of Default if such observance is prevented solely by reason of an event referred to in the definition of Event of Loss so long as Lessee is continuing to comply with the applicable terms of Section 10.

Section 15. Remedies. Upon the occurrence of an Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, declare this Lease to be in default by a written notice to Lessee (provided that this Lease shall be deemed to have been declared in default without the necessity of such written notice upon the occurrence of any Event of Default described in Section 14(g), (h) or (i)); and at any time thereafter, so long as Lessee shall not have remedied all outstanding Events of Default, Lessor may do one or more of the following, as Lessor shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law; provided that during any period the Aircraft is subject to the CRAF Program in accordance with the provisions of Section 7(b) and in the possession of the U.S. government or an instrumentality or agency thereof, Lessee shall not, on account of any Event of Default, be required to do any of the following in such manner as to limit Lessee’s operational control under this Lease (or any sublessee’s operational control under any sublease permitted by the terms of this Lease) of the Airframe or Engines, unless at least 60 days’ (or such other period as may then be applicable under the Air Mobility Command Program of the U.S. government) prior notice of default hereunder shall have been given by Lessor by registered or certified mail to Lessee (or any sublessee) with a copy addressed to the Contracting Office Representative for the Air Mobility Command of the U.S. Air Force under any contract with Lessee (or any sublessee) relating to the Aircraft:

(a) cause Lessee, upon the written demand of Lessor and at Lessee’s expense, to return promptly, and Lessee shall return promptly, all or such part of the Airframe and any Engines as Lessor may so demand, to Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, Section 5 as if the Airframe or such Engines were being returned at the end of the Term; or Lessor, at its option, after Lessee shall have failed to so return the Aircraft after such demand, may enter upon the premises where the Airframe is or any or all Engines are located or reasonably believed to be located and, without breach of peace, take immediate possession of and remove such Airframe or Engines (together with any engine which is not an Engine but which is installed on the Airframe, subject to all of the rights of the owner, lessor, lienor or secured party of such engine; provided that, in the event that an engine (which is not an Engine) is installed on the Airframe, such engine shall be held for the account of any such owner, lessor, lienor or secured party or, if owned by Lessee, may, at the option of Lessee with the consent of Lessor (which consent shall not be unreasonably withheld) or at the option of Lessor with the consent of Lessee (which consent shall not be unreasonably withheld), be exchanged with Lessee for an Engine in accordance with the Return Conditions), by summary proceedings or otherwise, all without liability to Lessor for or by reason of such entry or taking possession; or

(b) sell all or any part of the Airframe and any Engine at public or private sale, whether or not Lessor shall at the time have possession thereof, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle all or any part of the Airframe or such Engine as Lessor, in its sole discretion, may determine, free and clear of any rights of Lessee; or

(c) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under clause (a) or clause (b) above with respect to all of any part of the Airframe or any Engine, Lessor, by written notice to Lessee, may cause Lessee to pay to Lessor, and Lessee shall pay to Lessor, on a payment date that is at least 15 days from the date of such written notice (such payment date, the “**Specified Payment Date**”), as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for Lease Period Dates occurring on and after the Specified Payment Date):

(i) any unpaid Basic Rent due on Lease Period Dates prior to the Specified Payment Date, provided that (x) if the Specified Payment Date is a Lease Payment Date, Lessee shall have no obligation to pay the installment of Basic Rent that would otherwise be due and payable on the Lease Period Date that is the Specified Payment Date and (y) if the Specified Payment Date is not a Lease Payment Date, Lessee shall be entitled to credit against its payment obligations in this subsection (c) the portion of the installment of Basic Rent allocable to the period from (and including) such Specified Payment Date to (but not including) the next succeeding Lease Period Date, or if no Lease Period Date succeeds such specified Payment Date, the last day of the Term; plus

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value for the Aircraft computed as of the Reference Stipulated Loss Value Determination Date, over the amount determined as provided in clause (A) or (B) below, as applicable (whether to use the amount determined as provided in clause (A) or in clause (B) shall have been specified in such written notice by Lessor, in its sole discretion):

(A) the sum of (x) the Fair Market Rental Value of the Aircraft for the remainder of the useful life of the Aircraft, after discounting such Fair Market Rental Value to present value as of the Specified Payment Date at an annual rate equal to 4% and (y) the salvage value of the Aircraft at the end of its useful life (as such salvage value is determined by mutual written agreement between Lessor and Lessee or, in the absence of mutual written agreement, pursuant to an Independent Appraisal) after discounting such salvage value to the present value as of the Specified Payment Date at an annual rate equal to 4%, or

(B) the Fair Market Sales Value of the Aircraft determined as of the Specified Payment Date; or

(d) in the event Lessor, pursuant to clause (b) above, shall have sold the Aircraft, Lessor, in lieu of exercising its rights under clause (c) above with respect to the Aircraft, by written notice to Lessee, may cause Lessee to pay to Lessor, and Lessee shall pay to Lessor, on the fifth day following the date of such sale (such fifth day, the “**Sale Date**”), as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due on Lease Period Dates occurring on and after the Sale Date):

(i) any unpaid Basic Rent due on Lease Period Dates prior to the Sale Date; provided that (x) if the Sale Date is a Lease Period Date, Lessee shall have no obligation to pay the installment of Basic Rent that would otherwise be due and payable on the Lease Period Date that is the Sale Date and (y) if the Sale Date is not a Lease Period Date, Lessee shall be entitled to credit against its payment obligations in this subsection (d) the portion of the installment of Basic Rent allocable to the period from (and including) such Sale Date to (but not including) the next succeeding Lease Period Date, or if no Lease Period Date succeeds such Sale Date, the last day of the Term; plus

(ii) (A) if such sale is a public or private sale to a purchaser that is not an Affiliate of Owner Participant, the Stipulated Loss Value for the Aircraft, computed as of the Reference Stipulated Loss Value Determination Date, minus the net proceeds of such sale (after deduction of all actual and reasonable out-of-pocket costs of such sale) or (B) if such sale is a public or private sale to an Affiliate of Owner Participant, the Stipulated Loss Value for the Aircraft, computed as of the Reference Stipulated Loss Value Determination Date, minus the Fair Market Sales Value of the Aircraft, determined as of the Sale Date; or

(e) rescind this Lease as to the Aircraft, or exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action, either at law or in equity, to enforce the terms or to recover damages for the breach hereof.

In addition, to the extent permitted by applicable Law, Lessee shall be liable, except as otherwise provided above, and without duplication of amounts payable hereunder, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other actual and reasonable costs and expenses incurred by Lessor or Owner Participant by reason of the occurrence of any Event of Default or the exercise of Lessor’s remedies with respect thereto, including all costs and expenses incurred in connection with the return of the Airframe or any Engine in accordance with the Return Conditions or in placing such Airframe or Engine in the condition and airworthiness required by the Return Conditions (provided that, for the avoidance of doubt, Lessee shall not be liable for any amounts or obligations with respect to Return Conditions if Lessor exercises any remedy under subsection (c) or (d)). At any sale of the Airframe or an Engine or part thereof pursuant to this Section, Lessor or Owner Participant may bid for and purchase such property. Lessor agrees to give Lessee at least 30 days’ prior written notice of the date fixed for any public sale of the Airframe or any Engine or of the date on or after which any private sale will be held and of any lease or other disposition of the Aircraft, which notice Lessee hereby agrees to the extent permitted by applicable law is reasonable notice. Except as otherwise expressly provided above, to the extent permitted by applicable law, no remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or

otherwise available to Lessor at law or in equity; and, to the extent permitted by applicable law, the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. To the extent permitted by applicable law, no express or implied waiver by Lessor of any Event of Default shall in any way be, or construed to be, a waiver of any future or subsequent Event of Default.

Notwithstanding anything to the contrary set forth herein or in any other Operative Document, but subject to the next sentence (i) as permitted by Article 15 of the Cape Town Convention, the provisions of Chapter III of the Cape Town Convention are hereby excluded and made inapplicable to this Lease and the other Operative Documents, except for those provisions of such Chapter III that cannot be derogated from and (ii) as permitted by Article IV(3) of the Aircraft Protocol, the provisions of Chapter II of the Aircraft Protocol are hereby excluded and made inapplicable to this Lease and the other Operative Documents, except for (x) Article XVI of the Aircraft Protocol and (y) those provisions of such Chapter II that cannot be derogated from. The parties agree that the exercise of remedies hereunder and the other Operative Documents is subject to other applicable law, including without limitation, the UCC (as in effect in the State of New York) and the Bankruptcy Code, and that nothing herein derogates from the rights of Lessor or Lessee under or pursuant to such other applicable law.

Section 16. Further Assurances. Forthwith upon the execution and delivery of each Lease Supplement from time to time required by the terms hereof, Lessee will cause such Lease Supplement (and, in the case of Lease Supplement No. 1, this Lease) to be duly filed and recorded in accordance with the Transportation Code or the applicable Laws of such jurisdiction other than the United States in which the Aircraft is registered, as the case may be. In addition, each of Lessor and Lessee will promptly and duly execute and deliver to the other such further documents and assurances and take such further action as may from time to time be reasonably requested in order more effectively to carry out the intent and purpose of this Lease including, without limitation, if requested by Lessee or Lessor, the execution and delivery of supplements or amendments hereto, each in recordable form, subjecting to this Lease any Replacement Engine and the recording or filing of counterparts thereof; provided that this sentence is not intended to impose upon Lessee any additional liabilities not otherwise contemplated by this Lease.

Section 17. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents or waivers required or permitted under the terms and provisions of this Lease shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, postage prepaid, overnight courier service or facsimile, and any such notice shall be effective when received (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) and addressed as follows:

(a) if to Lessee:

American Airlines, Inc.
4333 Amon Carter Boulevard, MD 5662
Fort Worth, Texas 76155
Attention: Treasurer
Facsimile: 817.967.4318
Telephone: 817.963.1234

(b) if to Lessor:

Wells Fargo Bank Northwest, National Association
MAC: U1228-120
299 South Main Street, 12th Floor
Salt Lake City, UT 84111
Attention: Corporate Trust Services
Facsimile: 801.246.5053
Telephone: 801.246.2755

(c) if to Owner Participant:

[Name of Owner Participant]
[Address of Owner Participant]
Attention:
Facsimile: Telephone:

Any party, by notice to the other parties hereto, may designate different addresses for subsequent notices or communications. Whenever the words "notice" or "notify" or similar words are used herein, they mean the provision of formal notice as set forth in this Section 17.

Section 18. No Set-Off, Counterclaim, etc. This Lease is a net lease and to the full extent permitted by applicable law, Lessee's obligation to pay all Basic Rent and Stipulated Loss Value shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation:

- (a) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, Owner Participant or any other Person for any reason whatsoever;
- (b) any defect in the title, airworthiness, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of, the Aircraft;
- (c) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee or any Permitted Sublessee or any other Person; or
- (d) any other circumstances, happening or event whatsoever, whether or not unforeseen or similar to any of the foregoing.

Lessee hereby waives, to the full extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. Nothing contained in this Section shall be construed to waive any claim which Lessee may have hereunder (including, without limitation, claims that Basic Rent, Stipulated Loss Value or any other payments demanded from or paid by Lessee are or were erroneous) or otherwise or to limit the right of Lessee to make any claim it may have against Lessor, Owner Participant or any other Person or to pursue any such claim in such manner as Lessee shall deem appropriate.

Section 19. Section 1110. It is the intention of the parties hereto that this Lease, to the fullest extent available under applicable law, entitles Lessor to the benefits of Section 1110 with respect to the Aircraft. In furtherance of the foregoing, Lessor and Lessee hereby confirm that this Lease is to be treated as a lease for U.S. federal income tax purposes. Nothing contained in this paragraph shall be construed to limit Lessee's use and operation of the Aircraft under this Lease or constitute a representation or warranty by Lessee as to tax consequences.

Section 20. Monies Received by Lessor. Except as otherwise provided herein, any monies received by Lessor in excess of the amounts to which Lessor is entitled pursuant to the terms hereof shall immediately be paid over by Lessor to Lessee.

Section 21. [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Section 22. Investment of Security Funds. Any moneys which are (a) held by Lessor pursuant to the terms hereof, (b) required to be paid to or retained by Lessor and not required to be paid to Lessee pursuant to Section 10(e) or Section 11(d) solely because an Event of Default shall have occurred, or (c) required to be paid to Lessee pursuant to Section 10(b) or Section 11(d) after completion of a replacement to be made pursuant to Section 8(d) shall, until paid to Lessee as provided in Section 10 or Section 11, be invested in Permitted Investments by Lessor from time to time as directed in writing by Lessee. There shall, so long as no Event of Default shall have occurred and be continuing, be promptly remitted to Lessee any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment), and Lessee will promptly pay to Lessor, on demand, the amount of any loss realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment).

Section 23. Confidential Information. All Confidential Information shall be held confidential by Lessor in accordance with Section 10.4 of the Participation Agreement.

Section 24. Lessor Right to Perform for Lessee. If Lessee fails to make any payment of Rent required to be made by it hereunder, Lessor may, on behalf of Lessee and upon prior notice to Lessee, itself make such payment. The amount of any such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment shall be deemed Supplemental Rent immediately due and payable as of and when such payment is made by Lessor.

Section 25. Lessee's Performance and Rights. Any obligation imposed on Lessee in this Lease shall require only that Lessee perform or cause to be performed such obligation, even if stated herein as a direct obligation, and the performance of any such obligation by a permitted assignee, sublessee or transferee under an assignment, sublease or transfer agreement then in effect shall constitute performance by Lessee and to the extent of such performance in accordance with the terms of the applicable assignment, sublease or transfer agreement, discharge such obligation by Lessee. Except as otherwise expressly provided in this Lease, any right granted to Lessee in this Lease shall grant Lessee the right to exercise such right or permit such right to be exercised by such assignee, sublessee or transferee with the same force and effect as if such assignee, sublessee or transferee were named as "Lessee" herein. The inclusion of specific references to obligations or rights of any such assignee, sublessee or transferee in certain provisions of this Lease shall not in any way prevent or diminish the application of the provisions of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any such assignee, sublessee or transferee has not been made in this Lease.

Section 26. Concerning Lessor. Wells Fargo Bank Northwest, National Association is entering into the Operative Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity (except as expressly provided in the Operative Documents) and in no case shall Wells Fargo Bank Northwest, National Association (or any entity acting as successor Owner Trustee under the Trust Agreement) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of Lessor under the Operative Documents; provided, however, that Wells Fargo Bank Northwest, National Association (or any such successor Owner Trustee) shall be personally liable under the Operative Documents for its own gross negligence, its own simple negligence in the handling of funds actually received by it in accordance with the terms of the Operative Documents, its willful misconduct and its breach of its covenants, representations and warranties in the Operative Documents, to the extent covenanted or made in its individual capacity or as otherwise expressly provided in the Operative Documents; provided, further, that nothing contained in this Section 26 shall be construed to limit the exercise and enforcement in accordance with the terms of the Operative Documents of rights and remedies against the Trust Estate.

Section 27. Successor Owner Trustee. Lessee agrees that, in the case of the appointment of any successor Owner Trustee pursuant to the terms of the Trust Agreement and Section 6.2.2 of the Participation Agreement, such successor Owner Trustee shall, upon written notice to Lessee by such successor Owner Trustee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor of the Aircraft for all purposes without in any way altering the terms of this Lease or Lessee's obligations hereunder. One such appointment and designation of a successor Owner Trustee shall not exhaust the right to appoint and designate further successor Owner Trustees pursuant to the Trust Agreement and Section 6.2.2 of the Participation Agreement, but such right may be exercised repeatedly as long as this Lease shall be in effect.

Section 28. Miscellaneous.

(a) Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) No term or provision of this Lease may be amended, modified or supplemented orally, but only by an instrument in writing signed by the party against which the enforcement of the amendment, modification or supplement is sought.

(c) This Lease and the other Operative Documents, and all certificates, instruments and other documents relating thereto delivered and to be delivered from time to time pursuant to the Operative Documents, supersede any and all representations, warranties and agreements (other than any Operative Document) prior to the date of this Lease, written or oral, between or among any of the parties hereto relating to the transactions contemplated hereby and thereby.

(d) This Lease may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Lease, including a signature page executed by each of the parties hereto shall be an original, but all of such counterparts together shall constitute one instrument. In the event that a security interest is granted in this Lease with respect to the issuance of debt by Lessor to the extent permitted by Section 8.3 of the Participation Agreement, and that this Lease constitutes chattel paper (as such term is defined in the UCC), no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by Lessor on the signature page thereof.

(e) The parties hereto do not intend any interest created by this Lease to be a perpetuity or to be subject to invalidation under any applicable perpetuities rule; however, if the rule is to be applied, then the perpetuities period shall be 21 years after the last to die of the currently living descendants of former United States President John F. Kennedy.

(f) THIS LEASE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS LEASE HAS BEEN DELIVERED IN THE STATE OF NEW YORK.

[Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties have each caused this Lease to be duly executed as of the day and year first above written.

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity (except as expressly provided herein) but solely as Owner Trustee

By:
Name:
Title:

AMERICAN AIRLINES, INC.

By:
Name:
Title:

[Receipt of the original counterpart of the foregoing Lease is hereby acknowledged on this day of .

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee

By: _____
Name:
Title:]⁴

⁴ For chattel paper copy only.

EXHIBIT A
TO LEASE AGREEMENT ([YEAR] MSN [MSN])

LEASE SUPPLEMENT NO. ([YEAR] MSN [MSN]), dated , 20 , between WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR], between the Owner Participant named therein and Wells Fargo Bank Northwest, National Association (“**Lessor**”), and AMERICAN AIRLINES, INC., a Delaware corporation (“**Lessee**”).

RECITALS:

1. Lessor and Lessee have heretofore entered into that certain Lease Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR] (herein called, as at any time modified, supplemented or amended, the “**Lease Agreement**” and the defined terms in Annex A thereto being hereinafter used with the same meanings), providing for the execution and delivery from time to time of Lease Supplements, each substantially in the form hereof for the purpose of leasing specific aircraft and engines under the Lease Agreement as and when delivered by Lessor to Lessee in accordance with the terms thereof;
2. [The Lease Agreement relates to the aircraft and engines described below, and counterparts of the Lease Agreement are attached hereto and made a part hereof, and this Lease Supplement, together with such attachments, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document.]¹

[A counterpart of the Lease Agreement, attached to and made a part of Lease Supplement No. 1, dated [], 20 , to the Lease Agreement, has been recorded by the Federal Aviation Administration on , as one document and assigned Conveyance No. .]²

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

1. Lessor hereby delivers and leases to Lessee under the Lease Agreement, and Lessee hereby accepts and leases from Lessor under the Lease Agreement, the following [described Aircraft, which Aircraft as of the date hereof consists of the following components]:³
 - 1 This language for Lease Supplement No. 1.
 - 2 This language for other Lease Supplements.
 - 3 Only for Lease Supplement No. 1.

[(a) one Airbus [Model] (Generic Manufacturer and Model AIRBUS [Generic Model]) airframe: U.S. Registration Number ; Manufacturer's Serial No. ; and⁴

(b) two (2) [INSERT ENGINE INFO]) engines relating to such airframe and bearing, respectively, Manufacturer's Serial Nos. and , respectively (each of which engines has 550 or more rated takeoff horsepower or the equivalent of such horsepower and is a jet propulsion aircraft engine having at least 1750 pounds of thrust or the equivalent of such thrust).

The Basic Term for the lease of the Aircraft shall commence on the date of this Lease Supplement (the "**Delivery Date**") and shall end on s (the "**Lease Expiry Date**"), or such earlier date on which the Lease is terminated in accordance with the provisions thereof.

The amount of Basic Rent for the Aircraft is set forth in Schedule A hereto.

The Stipulated Loss Values for the Aircraft are set forth in Schedule B hereto.]⁶

[Add description of Replacement Engine or Engines, if applicable].

2. All of the terms and provisions of the Lease Agreement are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein.

3. This Lease Supplement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). All of such counterparts together shall constitute one instrument.

TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT CONSTITUTES CHATTEL PAPER (AS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT MAY BE PERFECTED THROUGH DELIVERY OR POSSESSION OF ANY COUNTERPART OF THIS LEASE SUPPLEMENT OTHER THAN THE ORIGINAL COUNTERPART, WHICH SHALL BE THE COUNTERPART THAT CONTAINS THE RECEIPT EXECUTED BY LESSOR ON THE SIGNATURE PAGE THEREOF.

⁴ Only for Lease Supplement No. 1.

⁵ Insert tenth (10th) anniversary of Delivery Date.

⁶ Language for other Lease Supplements.

Exhibit A

Page 2

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Supplement No. to be duly executed as of the day and year first above written.

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity (except as expressly provided herein) but solely as Owner Trustee

By:
Name:
Title:

AMERICAN AIRLINES, INC.

By:
Name:
Title:

[Receipt of the original counterpart of the foregoing lease is hereby acknowledged on this day of .

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee

By:
Name:
Title:]⁷

⁷ For chattel paper copy only.

**SCHEDULE A TO
LEASE SUPPLEMENT NO. 1 ([YEAR] MSN [MSN])**

BASIC RENT

Lease Period Dates during the Term: The Delivery Date and the []th day of each calendar month occurring after the Delivery Date during the Term (but not including the last day of the Term if such day is the []th day of a calendar month)

Basic Rent during the Basic Term: \$[] per month during the through months following the Delivery Date, and thereafter \$[] per month, in each case, payable in advance.

Basic Rent during any Renewal Term: An amount per month determined in accordance with Section 21 of the Lease, payable in advance.

Schedule A
to Lease Supplement No. 1

**SCHEDULE A TO LEASE SUPPLEMENT NO. 1 ([YEAR] MSN [MSN]);
INTENTIONALLY DELETED FROM THE VERSION OF THIS DOCUMENT
FILED WITH THE FAA AS CONTAINING CONFIDENTIAL AND
PROPRIETARY INFORMATION**

1 Insert for FAA filing in lieu of Schedule A.

Schedule A
to Lease Supplement No. 1

**SCHEDULE B TO
LEASE SUPPLEMENT NO. 1 ([YEAR] MSN [MSN])
STIPULATED LOSS VALUES**

Stipulated Loss Value Determination Date Stipulated Loss Value

Schedule B

SCHEDULE B TO LEASE SUPPLEMENT NO. 1 ([YEAR] MSN [MSN]):
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FILED WITH THE FAA AS CONTAINING CONFIDENTIAL AND
PROPRIETARY INFORMATION

1 Insert for FAA filing in lieu of Schedule B.

Schedule B

**ANNEX A
TO LEASE AGREEMENT ([YEAR] MSN [MSN])**

DEFINITIONS

Annex A

ANNEX B
TO LEASE AGREEMENT([YEAR] MSN [MSN])

RETURN CONDITIONS

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Annex B-21

ANNEX B TO LEASE AGREEMENT ([YEAR] MSN [MSN])¹
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¹ Insert for FAA filing in lieu of Annex B.

Annex B-22

ANNEX C

TO LEASE AGREEMENT ([YEAR] MSN [MSN]

MID-TERM INSPECTION RECORDS LIST

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Annex C

ANNEX C TO LEASE AGREEMENT ([YEAR] MSN [MSN])¹
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¹ Insert for FAA filing in lieu of Annex C.

Annex C

FORM OF TRUST AGREEMENT

TRUST AGREEMENT ([YEAR] MSN [MSN])

dated as of [Date]

between

[NAME OF OWNER PARTICIPANT],

as Owner Participant

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION

Covering One Airbus [Model] Aircraft
(Generic Manufacturer and Model AIRBUS [Generic Model])

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TRUST AGREEMENT ([YEAR] MSN [MSN])

THIS TRUST AGREEMENT ([YEAR] MSN [MSN]), dated as of [], [YEAR] (as amended, modified or supplemented from time to time, this “**Trust Agreement**”), is between [NAME OF OWNER PARTICIPANT], a [jurisdiction and organization] (together with its successors and permitted assigns, the “**Owner Participant**”), and **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, a national banking association (as Owner Trustee, together with its successors and permitted assigns in such capacity, “**Owner Trustee**”, and in its individual capacity, together with its successors and permitted assigns in such capacity, “**Trust Company**”).

RECITALS:

1. On the Delivery Date, Owner Trustee will purchase the Aircraft from Manufacturer and immediately following Owner Trustee’s purchase of the Aircraft, Lessee will lease the Aircraft from Owner Trustee pursuant to the Lease Agreement ([YEAR] MSN [MSN]) (such Lease together with Lease Supplement No. 1, the “**Lease**”).
2. Owner Participant desires to create a trust for the purposes of the acquisition of the Aircraft by Owner Trustee and the leasing of it to Lessee in accordance with the Lease.
3. Trust Company is willing to accept the duties and obligations imposed hereby on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the agreements contained in the other Operative Documents and the acceptance by Owner Trustee of the trust hereby created, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Certain Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth, and shall be construed and interpreted in the manner described, in Annex A for all purposes of this Trust Agreement.

ARTICLE II

AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS; DECLARATION OF TRUST

Section 2.01 Authority to Execute Documents. Owner Participant hereby authorizes and directs Owner Trustee (a) to execute and deliver the Participation Agreement, the Lease, Lease Supplement No. 1 and any other agreements, instruments or documents in the respective forms thereof in which delivered from time to time by Owner Participant to Owner Trustee for execution and delivery, (b) to execute and deliver all other agreements, instruments and

certificates contemplated by the Operative Documents and (c) subject to the terms hereof, to exercise its rights (upon instructions received from Owner Participant) and perform its duties under the documents referred to in clauses (a) and (b) in accordance with the terms thereof.

Section 2.02 Declaration of Trust. Trust Company hereby declares that it will hold, in its capacity as Owner Trustee, the Trust Estate upon the trust hereinafter set forth for the use and benefit of Owner Participant, subject, however, to the provisions of the Lease and the other Operative Documents. The name of the trust created hereby shall be “**MSN [MSN] Trust**” and such name may (but need not) be used in any correspondence and filings made by Owner Trustee in connection with the trust created hereby.

ARTICLE III

ACCEPTANCE AND DELIVERY OF AIRCRAFT; ISSUANCE OF CERTIFICATES; LEASE OF AIRCRAFT; REPLACEMENT

Section 3.01 Authorization. Owner Participant hereby authorizes and directs Owner Trustee to, and Owner Trustee agrees for the benefit of Owner Participant that, on or prior to the Delivery Date, it will, subject to due compliance with the terms of Section 3.02:

- (a) execute and deliver each of the Operative Documents to which it is a party;
- (b) purchase the Aircraft and accept from Manufacturer the Bills of Sale therefor;
- (c) authorize the financing statements contemplated by Section 4.1.9 of the Participation Agreement;
- (d) make application to the FAA for registration of the Aircraft in the name of Owner Trustee by filing or causing to be filed (i) the FAA Bill of Sale, (ii) the Application for Aircraft Registration with the FAA (together with, without limitation, an affidavit from Owner Trustee stating that it is a Citizen of the United States) and (iii) this Trust Agreement;
- (e) cause the Aircraft to be leased to Lessee under the Lease;
- (f) take such other action as may be required of Owner Trustee under the Operative Documents to effectuate the transactions contemplated thereby; and
- (g) execute and deliver all such other instruments, documents or certificates and take all such other actions as may be requested of Owner Trustee to effectuate the transactions contemplated under the Operative Documents, and take all other actions in accordance with the directions of Owner Participant as Owner Participant may deem necessary or advisable in connection with the transactions contemplated hereby, the taking of any such action by Owner Trustee in the presence (whether in person or pursuant to a conference call participated in by each of Owner Trustee and Owner Participant and/or its counsel) of Owner Participant or its counsel to evidence conclusively the direction of Owner Participant.

Section 3.02 Conditions Precedent. The right and obligation of Owner Trustee to take the actions required by Section 3.01 shall be subject to the following conditions precedent:

(a) the terms and conditions of Section 4.1 of the Participation Agreement shall have been waived or complied with in a manner satisfactory to Owner Participant; and

(b) the terms and conditions of Section 4.2 of the Participation Agreement shall have been waived or complied with in a manner satisfactory to Owner Trustee.

Section 3.03 Replacement or Return of an Engine.

(a) Owner Participant hereby authorizes and directs Owner Trustee to, and Owner Trustee agrees for the benefit of Owner Participant that it will, in the event of any Replacement Engine being substituted pursuant to Section 8(d) of the Lease (and subject to compliance with the terms thereof and the satisfaction of the conditions thereunder), take the following actions:

(i) to the extent not previously accomplished by a prior authorization, authorize a representative or representatives of Owner Trustee (who shall be an employee or employees of Lessee) to accept delivery of such Replacement Engine, if the seller of such Replacement Engine is not Lessee;

(ii) accept from Lessee or other vendor of such Replacement Engine a bill of sale with respect to such Replacement Engine being furnished pursuant to Section 8(d) of the Lease;

(iii) if the seller of such Replacement Engine is "situated in" a country that has ratified the Cape Town Treaty, cooperate with Lessee to cause the sale of such Replacement Engine to Lessor to be registered on the International Registry as a Sale (or, if the seller of such Replacement Engine is not situated in a country that has ratified the Cape Town Treaty, cooperate with Lessee's reasonable efforts to cause the seller to register the sale of such Replacement Engine on the International Registry);

(iv) execute and deliver a Lease Supplement covering such Replacement Engine, and cooperate with Lessee to cause such executed Lease Supplement to be filed for recordation pursuant to the Transportation Code or, if necessary, pursuant to the applicable laws of such jurisdiction other than the U.S. in which the Aircraft is registered, as the case may be;

(v) cooperate with Lessee to cause the International Interest created pursuant to the Lease Supplement in favor of Lessor with respect to such Replacement Engine to be registered on the International Registry as an International Interest;

(vi) transfer the Engine being replaced to Lessee or its designee in accordance with Section 4(g) of the Lease; and

(vii) take such further action as may be contemplated by the Operative Documents in connection with such replacement.

In the event of the substitution of a Replacement Engine for any Engine, all provisions of this Trust Agreement relating to such replaced Engine shall be applicable to such Replacement Engine with the same force and effect as if such Replacement Engine were the same engine as the Engine being replaced.

(b) Owner Participant hereby authorizes and directs Owner Trustee to, and Owner Trustee agrees for the benefit of Owner Participant that it will, in the event of an engine being transferred to Owner Trustee pursuant to the Return Conditions (and subject to compliance with the terms of Annex B to the Lease and the satisfaction of the conditions thereunder applicable to such engine):

- (i) accept from Lessee or other vendor of such engine the bill of sale with respect to such engine being furnished pursuant to the Return Conditions;
- (ii) if the seller of such engine is "situated in" a country that has ratified the Cape Town Treaty, cooperate with Lessee to cause the sale of such engine to Lessor to be registered on the International Registry as a Sale (or, if the seller of such engine is not situated in a country that has ratified the Cape Town Treaty, cooperate with Lessee's reasonable efforts to cause the seller to register the sale of such engine on the International Registry);
- (iii) transfer the Engine being replaced by such engine to Lessee or its designee in accordance with Section 4(g) of the Lease; and
- (iv) take such further action as may be contemplated by the Operative Documents in connection with such replacement.

ARTICLE IV

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

Section 4.01 Distribution of Payments.

(a) Payments to Owner Trustee; Other Parties. Except as otherwise provided in subsections (b) and (c), all Basic Rent, Supplemental Rent, insurance proceeds and requisition, indemnity or other payments of any kind, in each case included in the Trust Estate and received by Owner Trustee, shall be distributed forthwith upon receipt by Owner Trustee in the following order of priority: first, so much of such payment as shall be required to pay or reimburse Owner Trustee for any fees or expenses not otherwise paid or reimbursed as to which Owner Trustee is entitled to be so paid or reimbursed pursuant to the provisions hereof or of the other Operative Documents shall be retained by Owner Trustee; second, so much of the remainder for which provision as to the holding, application or distribution thereof is contained in the Lease or any other Operative Document shall be held, applied or distributed in accordance with the terms of the Lease or such other Operative Document; and third, the balance, if any, shall be paid to Owner Participant. Nothing herein is intended to limit or restrict the payment of the Security Deposit to the Owner Participant.

(b) Certain Distributions to Lessee. Any payment of the type referred to in subsection (a) received by Owner Trustee shall, if required by the terms of the Lease or any other Operative Document, be distributed to Lessee.

(c) Insurance Proceeds. Any proceeds of any insurance for loss or damage to the Aircraft in excess of the Stipulated Loss Value for the Aircraft shall be paid to Lessee. Any proceeds of any insurance for loss or damage to the Aircraft not constituting an Event of Loss with respect to the Airframe, the Aircraft or any Engine received by Owner Trustee and not required by the terms of the Lease to be distributed to Lessee shall be applied as provided in Section 11(d) of the Lease.

Section 4.02 Method of Payments. Owner Trustee shall make distributions or cause distributions to be made to Owner Participant or Lessee, as applicable, pursuant to this Article IV by transferring by wire transfer in immediately available funds the amount to be distributed to such account or accounts of Owner Participant or Lessee, as applicable, as they respectively may designate from time to time by written notice to Owner Trustee (and Owner Trustee shall use reasonable efforts to cause such funds to be transferred by wire transfer on the same day as received, but in any case not later than the next Business Day); provided, however, that Owner Trustee shall use its reasonable best efforts to invest overnight, for the benefit of Owner Participant or Lessee, as applicable, in Permitted Investments (but only to the extent such investments are available and, if such investments are not available, then in such other investments available to Owner Trustee which, after consultation with Owner Participant or Lessee, as applicable, Owner Participant or Lessee, as applicable, shall direct), all funds not transferred by wire transfer on the same day as they were received. Notwithstanding the foregoing, Owner Trustee will, if so requested by Owner Participant or Lessee, as applicable, by written notice, pay any and all amounts payable by Owner Trustee hereunder to Owner Participant or Lessee, as applicable, either (a) by crediting such amount or amounts to an account or accounts maintained by Owner Participant or Lessee, as applicable, with Owner Trustee in immediately available funds or (b) by mailing an official bank check or checks in such amount or amounts payable to Owner Participant or Lessee, as applicable, at such address as Owner Participant or Lessee, as applicable, shall have designated in writing to Owner Trustee.

ARTICLE V

DUTIES OF OWNER TRUSTEE

Section 5.01 Certain Notices and Requests for Instructions; Related Actions. If Owner Trustee shall have knowledge of any Event of Default or Event of Loss, Owner Trustee shall give to Owner Participant prompt telephonic or facsimile notice thereof followed by prompt confirmation thereof by certified mail, postage prepaid. Subject to the terms of Sections 5.03 and 5.06 and Article XII, Owner Trustee shall (i) in the case of an Event of Default, take such action or shall refrain from taking such action, not inconsistent with the provisions of the Lease and the Participation Agreement, with respect to such Event of Default as Owner Trustee shall be directed in writing by Owner Participant, and (ii) in the case of an Event of Loss, take such action or refrain from taking such action as is provided in the Lease and the Participation Agreement. For all purposes of the Operative Documents, Owner Trustee shall not be deemed to have knowledge of an Event of Default or Event of Loss unless notified in writing thereof in the

manner and at the address set forth in Section 11.05 or unless an officer in the corporate trust administration department of Owner Trustee who has responsibility for, or familiarity with, the transactions contemplated under the Operative Documents or any Vice President in such corporate trust administration department has actual knowledge thereof.

Section 5.02 Action Upon Instructions. Subject in all respects to the terms of Sections 5.01, 5.03 and 5.06 and Article XII and to the terms of the other Operative Documents, upon the written instructions at any time and from time to time of Owner Participant, Owner Trustee will take such of the following actions not inconsistent with the provisions of the Lease and Participation Agreement, as may be specified in such instructions: (a) give such notice or direction or exercise such right, remedy or power hereunder or under any Operative Document, or in respect of all or any part of the Trust Estate, as shall be specified in such instructions; (b) take such action to preserve or protect the Trust Estate (including the discharge of any Liens) as may be specified in such instructions; (c) approve as satisfactory to it all matters required by the terms of the Lease and the other Operative Documents to be satisfactory to Owner Trustee, it being understood that, without written instructions of Owner Participant, Owner Trustee shall not approve any such matter as satisfactory to it; (d) subject to the rights, if any, of Lessee under the Operative Documents, after the expiration or earlier termination of the Lease, convey all of Owner Trustee's right, title and interest in and to the Aircraft for such amount, on such terms and to such purchaser or purchasers as shall be designated in such instructions, or lease the Aircraft on such terms as shall be set forth in such instructions or deliver the Aircraft to the Person designated in such instructions in accordance with such instructions; and (e) take or refrain from taking such other action or actions as may be specified in such instructions. In the event that Owner Trustee is unsure of the application of any provision of this Trust Agreement or any other Operative Document, Owner Trustee may request and rely upon instructions of Owner Participant.

Section 5.03 Indemnification. Owner Trustee shall not be required to take or refrain from taking any action under Section 5.01 or 5.02 unless Owner Trustee shall have been indemnified by Owner Participant, in manner and form satisfactory to Owner Trustee, against any liability, cost or expense (including reasonable counsel fees and disbursements) which may be incurred in connection therewith, other than any such liability, cost or expense which results from the willful misconduct or gross negligence of Owner Trustee, or the failure of Owner Trustee to use ordinary care in the receipt and disbursement of funds, and, if Owner Participant shall have directed Owner Trustee to take or refrain from taking any such action, Owner Participant agrees to pay the reasonable fees and charges of Owner Trustee for the services performed or to be performed by it pursuant to such direction. Owner Trustee shall not be required to take any action under Section 5.01 or 5.02 if Owner Trustee shall reasonably determine, or shall have been advised by counsel, that such action is contrary to the terms of any Operative Document or is contrary to Law.

Section 5.04 No Duties Except as Specified in Operative Documents or Instructions. Owner Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate, or otherwise to take or refrain from taking any action under or in connection with the Operative Documents, except as expressly required by the terms of the Operative Documents or (to the extent not inconsistent with the provisions of the Lease and the Participation Agreement) in written instructions from

Owner Participant received pursuant to the terms of Section 5.01 or 5.02, and no implied duties or obligations shall be read into the Operative Documents against Owner Trustee. Without limiting the generality of the foregoing, Owner Trustee shall have no duty (i) to see to any registration of the Aircraft or any recording or filing of the Lease, this Trust Agreement or of any supplement to any thereof or to see to the maintenance of any such registration, rerecording or refiling, except that Owner Trustee shall comply with its obligations under Sections 6.3.1 and 6.4.4 of the Participation Agreement, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, other than to forward to Owner Participant copies of all reports and other information which Owner Trustee receives from Lessee pursuant to Section 11 of the Lease, to the extent not received by Owner Participant directly from Lessee, (iii) to see to the payment or discharge of any Tax or any Lien with respect to, assessed or levied against any part of the Trust Estate, except as provided by Section 6.07 hereof or Section 4(d) of the Lease, (iv) to confirm or verify any financial statements of Lessee or (v) to inspect the Aircraft or Lessee's books and records with respect to the Aircraft.

Section 5.05 No Action Except Under Specified Documents or Instructions. Owner Trustee shall have no power or authority to, and Owner Trustee agrees that it will not, manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate except (a) as expressly required by the terms of any of the Operative Documents or (b) as expressly provided in written instructions from Owner Participant pursuant to Section 5.01 or 5.02 that are not inconsistent with the terms of the Operative Documents.

Section 5.06 Limitations on Activities. Owner Participant and Trust Company agree to, and Owner Participant shall not direct Owner Trustee to take any action in contravention of, the following:

- (a) Owner Trustee shall not engage in any business or any other activity except as expressly permitted by the Operative Documents.
- (b) Except as expressly permitted by Section 8.3 of the Participation Agreement, Owner Trustee shall not (i) create, incur or assume any indebtedness for money borrowed, (ii) assume or guarantee or become obligated for the debts of, or hold out the Trust Estate as being available to satisfy the obligations of, Owner Participant or any other Person or (iii) pledge any or all of the Trust Estate for the benefit of Owner Participant or any other Person.
- (c) Owner Trustee shall maintain bank accounts, financial statements, and other books and records for the trust created hereunder separate from those of Owner Participant or any other Person.
- (d) Owner Trustee shall hold the Trust Estate in its own name, as trustee, and shall conduct its activities as Owner Trustee in its own name, as trustee, or in the name of the trust specified in Section 2.02.

ARTICLE VI
OWNER TRUSTEE

Section 6.01 Acceptance of Trust and Duties. Trust Company accepts the trust hereby created and agrees to perform the same but only upon the terms hereof applicable to it. Trust Company also agrees to receive and disburse all monies received by it constituting part of the Trust Estate upon the terms hereof. Trust Company, shall not be answerable or accountable under any circumstances, except for (a) its own willful misconduct or gross negligence, (b) its failure to use ordinary care in receiving or disbursing funds, (c) liabilities that may result from the inaccuracy of any representation or warranty of Trust Company (or from the failure by Trust Company to perform any covenant) in any Operative Document and (d) Taxes on or measured by any fees, commissions or other compensation received as compensation for services rendered as Owner Trustee; provided, however, that the failure to act or perform in the absence of instructions after Owner Trustee has requested instructions from Owner Participant pursuant to the last sentence of Section 5.02 shall not constitute willful misconduct or gross negligence for purposes of clause (a) of this Section.

Section 6.02 No Representations or Warranties as to Certain Matters. NEITHER OWNER TRUSTEE NOR TRUST COMPANY MAKES OR SHALL BE DEEMED TO HAVE MADE HEREIN ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE AIRWORTHINESS, VALUE, CONDITION, WORKMANSHIP, DESIGN, OPERATION, **MERCHANTABILITY OR FITNESS FOR USE OR FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY ENGINE OR ANY PART THEREOF**, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY ENGINE OR ANY PART THEREOF, except that nothing set forth in this sentence shall derogate from the representations and warranties made by Owner Trustee or Trust Company in or pursuant to any Operative Document.

Section 6.03 No Segregation of Monies Required; Investment Thereof. Monies received by Owner Trustee hereunder need not be segregated in any manner, except to the extent required by Law, and may be deposited under such general conditions as may be prescribed by Law, and shall be invested as provided in Section 4.02 hereof or Section 22 of the Lease, as applicable; provided that such monies shall not be commingled with any funds or assets of Owner Participant.

Section 6.04 Reliance Upon Certificates; Counsel and Agents. Owner Trustee shall incur no liability to anyone in acting in reliance upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties. Unless other evidence in respect thereof is specifically prescribed herein, any request, direction, order or demand of Owner Participant or Lessee mentioned herein or in any of the other Operative Documents shall be sufficiently evidenced by written instruments signed by

a person purporting to be an officer of Owner Participant or Lessee, as the case may be. Owner Trustee may accept a copy of a resolution of the board of directors of Lessee or Owner Participant, as the case may be, certified by the Secretary or an Assistant Secretary of Lessee or Owner Participant, as the case may be, as conclusive evidence that such resolution has been duly adopted by said board of directors and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, Owner Trustee may for all purposes hereof rely on a certificate signed by an officer of Lessee or Owner Participant, as the case may be, as to such fact or matter, and such certificate shall constitute full protection to Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

Section 6.05 Not Acting in Individual Capacity. Wells Fargo Bank Northwest, National Association is entering into the Operative Documents solely in its capacity as Owner Trustee under this Trust Agreement and not in its individual capacity (except as expressly provided in the Operative Documents) and in no case shall Wells Fargo Bank Northwest, National Association (or any entity acting as successor Owner Trustee under the Trust Agreement) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of Lessor or Owner Trustee under the Operative Documents; provided, however, that Wells Fargo Bank Northwest, National Association (or any such successor Owner Trustee) shall be personally liable under the Operative Documents for its own gross negligence, its own simple negligence in the handling of funds actually received by it in accordance with the terms of the Operative Documents, its willful misconduct and its breach of its covenants, representations and warranties in the Operative Documents, to the extent covenanted or made in its individual capacity or as otherwise expressly provided in the Operative Documents; provided, further, that nothing contained in this Section shall be construed to limit the exercise and enforcement in accordance with the terms of the Operative Documents of rights and remedies against the Trust Estate.

Section 6.06 Fees; Compensation. Lessee agrees to pay the fees and expenses of Owner Trustee as provided in Section 7.4 of the Participation Agreement.

Section 6.07 Books and Records; Tax Returns. Owner Trustee shall be responsible for keeping all appropriate books and records relating to the receipt and disbursement by it of all monies under this Trust Agreement or any agreement contemplated hereby. At the request of Owner Participant, Owner Trustee shall be responsible for causing to be prepared all income tax returns required to be filed with respect to the trust created hereby and shall execute and file such returns; provided that Owner Participant shall pay all costs and expenses incurred in connection therewith. In addition, Owner Trustee will file any withholding or other information returns required by the Code or the regulations thereunder (including, without limitation, IRS Forms 1042 and 1042-S or any similar or successor forms) with respect to payments received by it under the Operative Documents or distributed by it hereunder, and will withhold, and deposit with the relevant taxing authority, any required U.S. federal tax with respect thereto, in accordance with U.S. federal Tax Laws. Owner Participant shall furnish to Owner Trustee such duly completed and executed forms, statements or certificates, as may be reasonably requested by Owner Trustee, in order for Owner Trustee to file any such returns and to otherwise comply with any withholding or other requirements, and will promptly notify Owner Trustee if any such form, statement or certificate becomes obsolete or incorrect. Owner Participant shall be

responsible for causing to be prepared and filed, at its expense, all income tax returns required to be filed by Owner Participant. Each party hereto, upon request of the other party, will furnish any information in its possession or reasonably available to it as may be reasonably requested by the other party in connection with the preparation of such tax returns or to otherwise comply with the requirements of any taxing authority with respect to the transactions contemplated by the Operative Documents.

ARTICLE VII

INDEMNIFICATION OF OWNER TRUSTEE BY OWNER PARTICIPANT

Section 7.01 Owner Participant to Indemnify Trust Company. Owner Participant hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and does hereby indemnify, protect, save and keep harmless Trust Company, and its successors, assigns, legal representatives, agents and servants, from and against any and all Claims and Taxes (excluding any Taxes payable by Trust Company on or measured by any fees, commissions or other compensation received for services rendered as Owner Trustee hereunder) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Trust Company in any way relating to or arising out of this Trust Agreement or any of the other Operative Documents or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the use, possession, operation, control, delivery, maintenance, repair, substitution, replacement, or other disposition of the Aircraft (including, without limitation, with respect thereto, any such Claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of Owner Trustee or Trust Company hereunder; provided that such indemnification shall not extend to any of the foregoing resulting from (a) the willful misconduct or gross negligence on the part of Owner Trustee or Trust Company, (b) failure on the part of Owner Trustee or Trust Company to use ordinary care in receiving or disbursing funds, (c) the inaccuracy of any representation or warranty of Trust Company (or from the failure of Trust Company to perform any covenant) in any Operative Document or (d) a breach by Trust Company of its covenants set forth in Section 5.04 hereof and the first sentence of Section 5.01 hereof; provided, further, that (i) Owner Participant shall be liable under this Section only to the extent that Trust Company is indemnified by Lessee pursuant to Section 7 of the Participation Agreement and (ii) Trust Company shall not make any claim for indemnification or other payment from the Owner Participant pursuant to this Section 7.01 unless and until Trust Company shall have first made demand upon Lessee for such indemnification. The indemnities contained in this Section extend to Trust Company and shall not be construed as indemnities of the Trust Estate (except to the extent, if any, that the Trust Company has been reimbursed by the Trust Estate for amounts covered by the indemnities contained in this Section). The indemnities contained in this Section shall survive the termination of this Trust Agreement.

ARTICLE VIII

TRANSFER OF OWNER PARTICIPANT'S INTEREST

Section 8.01 Transfer of Interest. All provisions of Section 8.2 of the Participation Agreement shall (with the same force and effect as if set forth in full, *mutatis mutandis*, in this Section) be applicable to any direct or indirect Transfer by Owner Participant of any or all of its right, title or interest in and to this Trust Agreement or any of the other Operative Documents or the Trust Estate or any proceeds therefrom.

ARTICLE IX

SUCCESSOR OWNER TRUSTEES

Section 9.01 Resignation of Owner Trustee; Appointment of Successor.

(a) Resignation or Removal. Owner Trustee (i) shall resign if required to do so pursuant to Section 9.3 of the Participation Agreement and (ii) may resign at any time without cause by giving at least 60 days prior written notice to Owner Participant and Lessee, such resignation to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b). In addition, subject to Article XII and subject to Section 6.2.2 of the Participation Agreement, Owner Participant may at any time remove Owner Trustee, only for cause (or, at any time when the Aircraft is registered in a non-United States jurisdiction, with or without cause), by a notice in writing delivered to Owner Trustee and Lessee, such removal to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b). In the case of the resignation or removal of Owner Trustee, subject to Article XII and subject to Section 6.2.2 of the Participation Agreement, Owner Participant may appoint a successor Owner Trustee by an instrument in writing signed by Owner Participant with the prior written consent of Lessee, such consent not to be unreasonably withheld; provided that, if an Event of Default shall have occurred and be continuing, then no such prior written consent of Lessee shall be so required. If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, Owner Trustee or Lessee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided within one year from the date of the appointment by such court.

(b) Execution and Delivery of Documents, etc. Any successor Owner Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee an instrument accepting such appointment and shall give Owner Participant and Lessee written notice of such acceptance. Upon the execution and delivery of such instrument, such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trust of the predecessor Owner Trustee in the trust hereunder with like effect as if originally named Owner Trustee herein; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trust herein expressed, all the

estates, properties, rights, powers and trust of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all monies or other property then held by such predecessor Owner Trustee as Owner Trustee upon the trust herein expressed, together with all the books and records maintained by such predecessor Owner Trustee with respect to such trust pursuant to Sections 5.04, 5.06 and 6.07. Upon the appointment of any successor Owner Trustee hereunder, the predecessor Owner Trustee will complete, execute and deliver to the successor Owner Trustee such documents as are necessary to cause registration of the Aircraft included in the Trust Estate to be transferred upon the records of the FAA, or the International Registry or other governmental authority having jurisdiction, into the name of the successor Owner Trustee.

(c) Qualification. Any successor Owner Trustee, however appointed, shall be a Citizen of the United States and shall also be a bank or trust company organized under the laws of the United States or any state thereof having a combined capital and surplus of at least \$100,000,000 (or having a combined capital and surplus of at least \$25,000,000 and the obligations of which are guaranteed by a corporation or a bank or trust company having a combined capital and surplus of at least \$100,000,000), if there be such an institution willing, able and legally qualified to perform the duties of Owner Trustee hereunder upon reasonable and customary terms.

(d) Merger, etc. Any corporation into which Trust Company may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which Trust Company shall be a party, or any corporation to which substantially all the corporate trust business of Trust Company may be transferred, shall, subject to the terms of Section 9.01(c), be the institution acting as Owner Trustee hereunder without further act. Trust Company shall pay all costs and expenses associated with such merger, conversion or consolidation, without indemnification or reimbursement from either Lessee or Owner Participant, and shall obtain all necessary documentation properly to reflect such merger, conversion or consolidation.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS

Section 10.01 Supplements and Amendments. Subject to Section 6.4.6(b) of the Participation Agreement, at any time and from time to time, upon the written request of Owner Participant, (a) Owner Trustee, together with Owner Participant, shall execute a supplement to this Trust Agreement for the purpose of adding provisions to, or changing or eliminating provisions of, this Trust Agreement as specified in such request, and (b) Owner Trustee shall enter into such written amendment of or supplement to any other Operative Document as Lessee may agree to and as may be specified in such request, or execute and deliver such written waiver or modification of or consent under the terms of any such Operative Document as Lessee may agree to and as may be specified in such request. Notwithstanding the foregoing, except to the extent permitted by Section 6.4.6(b) of the Participation Agreement, no supplement to this Trust Agreement or waiver or modification of the terms hereof shall be permitted.

Section 10.02 Discretion as to Execution of Documents. If in the opinion of Owner Trustee any document required to be executed pursuant to the terms of Section 10.01 adversely affects any right, duty, immunity or indemnity in favor of Trust Company or Owner Trustee hereunder or under any other Operative Document, Owner Trustee may in its discretion decline to execute such document.

Section 10.03 Absence of Requirements as to Form. It shall not be necessary for any written request furnished pursuant to Section 10.01 to specify the particular form of the proposed documents to be executed pursuant to such Section, but it shall be sufficient if such request shall indicate the substance thereof.

Section 10.04 Distribution of Documents. Promptly after the execution by Owner Trustee of any document entered into pursuant to Section 10.01, Owner Trustee shall mail, by certified mail, postage prepaid, a conformed copy thereof to Owner Participant, but the failure of Owner Trustee to mail such conformed copy shall not impair or affect the validity of such document.

Section 10.05 No Request Needed as to Lease Supplements. No written request pursuant to Section 10.01 shall be required to enable Owner Trustee to enter into any Lease Supplement with Lessee pursuant to Section 3.01 or Section 3.03(a).

ARTICLE XI

MISCELLANEOUS

Section 11.01 Termination of Trust Agreement. This Trust Agreement and the trust created hereby shall terminate and this Trust Agreement shall be of no further force or effect upon the earliest of (a) the later of (i) the sale or other final disposition by Owner Trustee of all property constituting part of the Trust Estate and the final distribution by Owner Trustee of all monies or other property or proceeds constituting part of the Trust Estate in accordance with Article IV, and (ii) the expiration or termination of the Lease in accordance with its terms; provided that at such time Lessee shall have fully complied with all of the terms of the Participation Agreement and the Lease or (b) 110 years less one day after the earlier execution of this Trust Agreement by either Trust Company or Owner Participant (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity or permitting the effective grant of such rights, privileges and options for a period in gross, exceeding the period for which such rights, privileges and options are stated in this clause (b) to extend and be valid, then such rights, privileges or options shall not terminate as aforesaid in this clause (b) but shall extend to and continue in effect, but only if such non-termination and extension shall then be valid under applicable law, until such time as the same shall under applicable law cease to be valid), whereupon all monies or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of Article IV or (c) the election of Owner Participant by notice to Owner Trustee to revoke the trust created hereby; otherwise this Trust Agreement and the trust created hereby shall continue in full force and effect in accordance with the terms hereof. Notwithstanding the foregoing, the provisions of Section 6.4.6 of the Participation Agreement shall apply hereto.

Section 11.02 Owner Participant Has No Legal Title in Trust Estate. Owner Participant does not have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any right, title and interest of Owner Participant in and to the Trust Estate hereunder shall operate to terminate this Trust Agreement or the trust hereunder or entitle any successors or transferees of Owner Participant to an accounting or to the transfer of legal title to any part of the Trust Estate.

Section 11.03 Assignment, Sale, etc. of Aircraft. Any Transfer of the Aircraft by Owner Trustee made pursuant to and in accordance with the terms hereof or of the Lease or the Participation Agreement shall bind Owner Participant and shall be effective to Transfer all right, title and interest of Owner Trustee and Owner Participant in and to the Aircraft. No assignee, purchaser, transferee or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such Transfer or as to the application of any sale or other proceeds with respect thereto by Owner Trustee.

Section 11.04 Third Party Beneficiary. Lessee shall be an express third party beneficiary of this Trust Agreement to the extent the provisions of this Trust Agreement by their terms expressly confer upon Lessee any right or remedy.

Section 11.05 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents or waivers required or permitted under the terms and provisions of this Trust Agreement shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, postage prepaid, overnight courier service or facsimile, and any such notice shall be effective when received (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) and addressed as follows: (a) if to Lessee, Owner Trustee or Trust Company, to the respective addresses set forth in Section 10.1 of the Participation Agreement, and (b) if to Owner Participant, to such address as it shall have furnished by notice to Owner Trustee, or, until an address is so furnished, to the respective address set forth in Section 10.1 of the Participation Agreement. Any party, by notice to the other parties hereto, may designate different addresses for subsequent notices or communications. Whenever the words “notice” or “notify” or similar words are used herein, they mean the provision of formal notice as set forth in this Section.

Section 11.06 Miscellaneous.

(a) Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) No term or provision of this Trust Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing entered into in compliance with the terms of Article X; and any waiver of the terms hereof shall be effective only in the specified instance and for the specific purpose given.

(c) This Trust Agreement and the other Operative Documents, and all certificates, instruments and other documents relating thereto delivered and to be delivered from time to time pursuant to the Operative Documents, supersede any and all representations, warranties and agreements (other than any Operative Document) prior to the date of this Trust Agreement, written or oral, between or among any of the parties hereto relating to the transactions contemplated hereby and thereby.

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

(e) This Trust Agreement shall be binding upon and inure to the benefit of, Owner Participant and, subject to the provisions of Article VIII hereof, its successors and permitted assigns, Owner Trustee and its successors as Owner Trustee under this Trust Agreement and Trust Company and its successors and permitted assigns. Any request, notice, direction, consent, instruction, waiver or other instrument or action by Owner Participant shall bind its successors and permitted assigns.

(f) THIS TRUST AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF UTAH, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

ARTICLE XII

CERTAIN LIMITATIONS ON CONTROL

Section 12.01 Limitations on Control. Notwithstanding any other provision of this Trust Agreement, but subject to Sections 12.02 and 12.04, Owner Participant will have no rights or powers to direct, influence or control Owner Trustee in the performance of Owner Trustee's duties under this Trust Agreement in connection with any matters involving the ownership and operation of the Aircraft by Owner Trustee. In all such matters, Owner Trustee shall have absolute and complete discretion in connection therewith and shall be free of any kind of influence or control whatsoever by Owner Participant, and Owner Trustee shall exercise its duties under this Trust Agreement in connection with matters involving the ownership and operation of the Aircraft by Owner Trustee as it, in its discretion, shall deem necessary to protect the interests of the United States, notwithstanding any countervailing interest of any foreign power which, or whose citizens, may have a direct or indirect interest in Owner Participant, and any such action by Owner Trustee shall not be considered malfeasance or in breach of any obligation which Owner Trustee might otherwise have to Owner Participant; provided, however, that subject to the foregoing limitations, Owner Trustee shall exercise its discretion in all matters involving the ownership and operation of the Aircraft by Owner Trustee (a) with due regard for the interests of Owner Participant and (b) in a manner not inconsistent with the provisions of the

¹ Provision subject to change pursuant to FAA regulations regarding NCT.

Operative Documents; provided, further, that Owner Participant may confer with Owner Trustee and/or Owner Trustee may consult with Owner Participant in connection with such matters involving the ownership and operation of the Aircraft (it being understood that any advice, opinion or suggestion obtained by Owner Trustee in the course of such conferring or consulting shall not be binding on Owner Trustee, but that Owner Trustee shall be free to follow or disregard such advice, opinion or suggestion in the exercise of its discretion). In addition, Owner Participant may not remove Owner Trustee or any successor Owner Trustee appointed hereunder, except for cause. Owner Trustee agrees to promptly notify Owner Participant of the exercise of its duties under this Trust Agreement in connection with matters involving the ownership and operation of the Aircraft by Owner Trustee.

Section 12.02 Discretion, Actions and Payments of Owner Trustee. Subject to the requirements of Section 12.01, Owner Trustee agrees that it will not, unless expressly required by the terms of this Trust Agreement, without the prior consent of Owner Participant, (a) sell, transfer, assign, lease, mortgage, pledge or otherwise dispose of the Aircraft or other assets held in the Trust Estate relating thereto or (b) amend or waive any rights under any Operative Document, or give any consents under any Operative Documents. Notwithstanding any other provision of this Article XII, the grant of the rights of Owner Trustee set forth in Section 12.01 shall not extend to any other rights, powers or privileges in respect of the beneficial interest of Owner Participant in the Trust Estate, and Owner Participant (and not Owner Trustee) shall be entitled to receive from Owner Trustee or otherwise all payments of whatsoever kind and nature payable to Owner Participant pursuant to this Trust Agreement in the same manner as if the rights permitted to be exercised by Owner Trustee as described in Section 12.01 had not been transferred to Owner Trustee and held in trust hereunder.

Section 12.03 General. Owner Trustee and Owner Participant hereby agree with each other that if Persons who are neither Citizens of the United States nor resident aliens have the power to direct or remove Owner Trustee, either directly or indirectly through the control of another Person, those Persons together shall not have more than 25% of the aggregate power to direct or remove Owner Trustee.

Section 12.04 Purpose. The purpose of this Article XII is to give Owner Trustee the power to manage and control the Aircraft with respect to matters involving the ownership and operation of the Aircraft by Owner Trustee so as to ensure that (a) the Aircraft shall be controlled with respect to such matters by a Citizen of the United States, and (b) Owner Trustee shall be able to give the affidavit required by Section 47.7(c)(2)(iii) of the Federal Aviation Regulations, 14 C.F.R. §47.7(c)(2)(iii). This Article XII shall be construed in furtherance of the foregoing purposes; provided, however, that this Article XII shall be ignored and given no force or effect: (i) if Owner Participant determines that it meets the requirements for a Citizen of the United States and both Owner Participant and Owner Trustee file with the FAA the affidavits required by Section 47.7(c)(2)(ii) of the Federal Aviation Regulations, 14 C.F.R. §47.7(c)(2)(ii), or (ii) during periods when the Aircraft has been registered in a non-United States jurisdiction and a de-registration telex has been issued by the FAA in connection with the re-registration of the Aircraft in such non-United States jurisdiction.

Section 12.05 Adverse Effect of Citizenship on Registration. If the right (a) to exercise voting or similar rights hereunder by Owner Participant, or (b) (i) to direct, influence, or limit the

exercise of, or (ii) to prevent the direction or influence of, or (iii) place any limitation on the exercise of, Owner Trustee's authority, or (c) to remove Owner Trustee, would adversely affect the United States registration of the Aircraft, Owner Participant shall have no such right; provided, however, that this Section shall be of no force or effect during periods in which the Aircraft is registered in a non-United States jurisdiction.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

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

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION

By
Name:
Title:

[NAME OF OWNER PARTICIPANT]

By
Name:
Title:

ANNEX A
DEFINITIONS

ANNEX A
Page 1

**CONFIDENTIAL: Subject to Restrictions on Dissemination
Set Forth in Section 10.4 of this Agreement**

**PARTICIPATION AGREEMENT ([YEAR]
MSN [MSN])**

dated as of

[Date]

among

AMERICAN AIRLINES, INC.,
as Lessee

[NAME OF OWNER PARTICIPANT],
as Owner Participant

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
not in its individual capacity, except as expressly provided herein,
but solely as Owner Trustee

Covering One Airbus [Model] Aircraft
(Generic Manufacturer and Model AIRBUS [Generic Model])

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EXHIBITS, ANNEXES AND SCHEDULES

EXHIBIT A	FORM OF OPINION OF [ASSOCIATE] GENERAL COUNSEL FOR LESSEE
EXHIBIT B	FORM OF OPINION OF SPECIAL COUNSEL FOR OWNER TRUSTEE
EXHIBIT C	[INTENTIONALLY LEFT BLANK]
EXHIBIT D	FORM OF OPINION OF AVIATION COUNSEL
EXHIBIT E	FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT
EXHIBIT F	[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]
EXHIBIT G	FORM OF OWNER PARTICIPANT GUARANTEE
ANNEX A	DEFINITIONS
ANNEX B	PAYMENT INFORMATION
SCHEDULE A	CERTAIN TERMS
SCHEDULE B	RE-REGISTRATION CONDITIONS

PARTICIPATION AGREEMENT ([YEAR] MSN [MSN])

THIS PARTICIPATION AGREEMENT ([YEAR] MSN [MSN]), dated as of [] (as amended, modified or supplemented from time to time, this “**Agreement**”), among (i) **AMERICAN AIRLINES, INC.**, a Delaware corporation (together with its successors and permitted assigns, “**Lessee**”), (ii) **[NAME OF OWNER PARTICIPANT]**, a [jurisdiction] [type of entity] (together with its successors and permitted assigns, “**Owner Participant**”), and (iii) **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, a national banking association, not in its individual capacity except as expressly provided herein, but solely as Owner Trustee (herein in such capacity, together with its successors and permitted assigns, “**Owner Trustee**”, and in its individual capacity, together with its successors and permitted assigns, “**Trust Company**”).

RECITALS:

1. Subject to the terms and conditions set forth herein, Owner Trustee is willing to lease the Aircraft to Lessee, and Lessee is willing to lease the Aircraft from Owner Trustee pursuant to the Lease.
2. On or prior to the date hereof, Owner Participant has entered into the Trust Agreement with Trust Company, pursuant to which Owner Trustee agrees, among other things, to hold the Trust Estate for the benefit of Owner Participant on the terms specified in such Trust Agreement.
3. Pursuant to the terms of the Trust Agreement, Owner Trustee is authorized and directed by Owner Participant to execute and deliver the Lease, pursuant to which, subject to the terms and conditions set forth therein, Owner Trustee agrees to lease to Lessee, and Lessee agrees to lease from Owner Trustee, the Aircraft on the Delivery Date, such lease to be evidenced by the execution and delivery of Lease Supplement No. 1.

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

Section 1. Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth, and shall be construed and interpreted in the manner described, in Annex A for all purposes of this Agreement.

Section 2. Lease of Aircraft. Subject to the terms and conditions of this Agreement, on the Delivery Date, Owner Trustee agrees to lease the Aircraft to Lessee, and Lessee agrees to lease the Aircraft from Owner Trustee, pursuant to the Lease.

Section 3. Closing. On the Delivery Date, subject to the terms and conditions of this Agreement and the Lease, Owner Trustee shall lease the Aircraft to Lessee and Lessee shall accept the Aircraft under the Lease by executing and delivering Lease Supplement No. 1. The closing (the “**Closing**”) of the transactions contemplated hereby shall take place commencing at 9:00 a.m., Fort Worth, Texas time (or such later time as the parties may agree), on the Delivery Date at the offices of Lessee in Fort Worth, Texas.

Section 4. Conditions Precedent.

4.1 Conditions Precedent to Obligations of Owner Participant. The obligation of Owner Participant to take the actions required by this Agreement to be taken by it at the Closing is subject to the satisfaction or waiver by Owner Participant, prior to or at the Closing, of the conditions precedent set forth below in this Section 4.1; provided that it shall not be a condition precedent to the obligations of Owner Participant that any document be delivered or action be taken that is to be delivered or be taken by Owner Participant or by a Person within Owner Participant's control.

4.1.1 Delivery of Documents. This Agreement and the following documents shall have been duly authorized, executed and delivered by the respective party or parties thereto, shall be in form and substance reasonably satisfactory to Owner Participant, shall be in full force and effect and executed original counterparts or copies thereof shall have been delivered to Owner Participant or its special counsel unless the failure to receive such document is the result of any action or inaction by Owner Participant or by a Person within Owner Participant's control:

(a) the Trust Agreement and the Owner Participant Guarantee, if any;

(b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(c) the Lease and Lease Supplement No. 1; provided that only Owner Trustee shall receive the sole executed chattel paper original of each thereof;

(d) [the Engine Warranty Agreement]¹;

(e) an insurance report of Lessee's independent insurance broker as to the due compliance with the terms of Section 11 of the Lease relating to insurance with respect to the Aircraft and certificates of insurance;

(f)(i) a copy of the resolutions of the board of directors (or executive committee) of Lessee, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Lessee, duly authorizing the execution, delivery and performance by Lessee of the Operative Documents executed and to be executed by Lessee and each other document required to be executed and delivered by Lessee, in accordance with the provisions hereof; (ii) copies of the certificate of incorporation and by-laws of Lessee, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Lessee, together with all amendments and supplements thereto; and (iii) an incumbency certificate of Lessee, dated as of the Delivery Date, as to the

¹ Insert if applicable.

persons authorized to execute and deliver this Agreement, the other Operative Documents to which Lessee is or is to be a party and each other document executed or to be executed on behalf of Lessee in connection with the transactions contemplated hereby and thereby and the signatures of such person or persons;

(g)(i) a copy of the resolutions of the board of directors (or executive committee) of Trust Company, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Trust Company, duly authorizing the execution, delivery and performance by Trust Company and Owner Trustee of the Operative Documents executed and to be executed by each such party and each other document required to be executed and delivered by each such party in accordance with the provisions hereof; (ii) copies of the articles of association, by-laws and/or other constituent documents of Trust Company, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Trust Company, together with all amendments and supplements thereto; and (iii) an incumbency certificate of Trust Company, dated as of the Delivery Date, as to the persons authorized to execute and deliver this Agreement, the other Operative Documents to which Trust Company or Owner Trustee is or is to be a party and each other document executed or to be executed on behalf of Trust Company or Owner Trustee in connection with the transactions contemplated hereby and thereby and the signatures of such person or persons;

(h) officer's certificates, dated the Delivery Date, from (i) Lessee, certifying as to the correctness of each of the matters stated in Section 4.1.4 (insofar as the same relate to Lessee or the Aircraft); and (ii) each of Trust Company, Owner Trustee [and], Owner Participant [and Owner Participant Guarantor], certifying that no Lessor's Lien attributable to such party exists, and further certifying as to the correctness of each of the matters stated in Section 4.1.4 (insofar as the same relate to such Person); and

(i) opinions, dated the Delivery Date, from (i) [David A. Allen], Esq., [Associate] General Counsel of Lessee, addressed to Owner Participant and Owner Trustee, in substantially the form attached hereto as Exhibit A, (ii) [Ray, Quinney & Nebeker P.C.], special counsel for Owner Trustee, addressed to Owner Participant and Lessee, in substantially the form attached hereto as Exhibit B, and (iii) opinion(s) of in-house/external counsel of Owner Participant [and in-house/external counsel of Owner Participant Guarantor, in each case] addressed to Owner Trustee and Lessee, in form and substance satisfactory to Lessee.

4.1.2 No Violation. No change shall have occurred after the date of the execution and delivery of this Agreement in applicable law or regulations thereunder or interpretations thereof by appropriate governmental authorities or any court that would make it a violation of law or regulation for Lessee, Owner Participant or Owner Trustee to execute, deliver and perform its respective obligations under this Agreement or the other Operative Documents and any transactions contemplated by this Agreement or the other Operative Documents.

4.1.3 No Proceedings. No action or proceeding or governmental action shall have been instituted or threatened before any court or governmental authority, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental authority, at the time of the Delivery Date to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the other Operative Documents or the transactions contemplated hereby and thereby.

4.1.4 Representations, Warranties and Covenants. On the Delivery Date, the representations and warranties of each of Lessee and Trust Company made herein and in the other Operative Documents shall be correct and accurate in all material respects, in each case as though made on and as of such date, or if such representations and warranties relate solely to an earlier date, as of such earlier date, and each of Lessee and Trust Company shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in the other Operative Documents to which it is party to be observed and performed by it as of the Delivery Date.

4.1.5 Governmental Authority. All appropriate actions required to have been taken prior to the Delivery Date in connection with the transactions contemplated by this Agreement and the other Operative Documents by any governmental authority shall have been taken, and all orders, permits, waivers, exemptions, authorizations and approvals of any governmental authority required to be in effect on the Delivery Date in connection with the transactions contemplated by this Agreement and the other Operative Documents (other than the filings and registrations referred to in Section 5.1.7) shall have been issued, and all such orders, permits, waivers, exemptions, authorizations and approvals shall be in full force and effect on the Delivery Date.

4.1.6 No Event of Default. On the Delivery Date, no event has occurred and is continuing that constitutes an Event of Default.

4.1.7 Aircraft Status. The Aircraft shall have been duly certified by the FAA as to type and shall otherwise meet the conditions specified in the American/Airbus Purchase Agreement.

4.1.8 Sales Tax. Lessee shall have provided such exemption certificates for sales, use, value added, goods and services, transfer, stamp or similar Tax purposes with respect to the delivery and lease of the Aircraft as Owner Participant may reasonably request.

4.1.9 Filings. On the Delivery Date, (a) the Lease and Lease Supplement No. 1 shall have been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA pursuant to the Transportation Code and (b) a precautionary UCC financing statement covering the Lease shall have been duly filed in the State of Delaware (or arrangements shall have been made for filing promptly after the Delivery Date).

4.1.10 Aircraft Registration. Counsel to the FAA or Aviation Counsel shall have confirmed in writing that the Aircraft is registered or is eligible to be registered in the name of Owner Trustee.

4.1.11 No Event of Loss. On the Delivery Date, no event has occurred and is continuing that constitutes an Event of Loss with respect to the Aircraft.

4.1.12 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.2 Conditions Precedent to Obligations of Owner Trustee. The obligation of Owner Trustee to take the actions required by this Agreement to be taken by it at the Closing is subject to the satisfaction or waiver by Owner Trustee, prior to or at the Closing, of the conditions precedent set forth below in this Section 4.2; provided that it shall not be a condition precedent to the obligations of Owner Trustee that any document be delivered or action be taken that is to be delivered or be taken by Owner Trustee or by a Person within Owner Trustee's control.

4.2.1 Delivery of Documents. Executed original counterparts or copies of the following documents shall have been received by Owner Trustee or its special counsel, unless the failure to receive such document is the result of any action or inaction by Owner Trustee or by a Person within Owner Trustee's control:

(a) the documents described in Section 4.1.1, except as specifically provided therein;

(b)(i) a copy of the resolutions of the board of directors (or executive committee) of Owner Participant, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Owner Participant, duly authorizing the execution, delivery and performance by Owner Participant of the Operative Documents executed and to be executed by Owner Participant and each other document required to be executed and delivered by Owner Participant, in accordance with the provisions hereof; (ii) copies of the certificate of incorporation, by-laws and/or other constituent documents of Owner Participant, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Owner Participant, together with all amendments and supplements thereto; and (iii) an incumbency certificate of Owner Participant, dated as of the Delivery Date, as to the persons authorized to execute and deliver this Agreement, the other Operative Documents to which Owner Participant is or is to be a party and each other document executed or to be executed on behalf of Owner Participant in connection with the transactions contemplated hereby and thereby and the signatures of such person or persons;

(c)(i) a copy of the resolutions of the board of directors (or executive committee) of Owner Participant Guarantor, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Owner Participant Guarantor, duly authorizing the execution, delivery and performance by Owner Participant Guarantor of the Operative Documents executed and to be executed by Owner Participant Guarantor and each other document required to be executed and delivered by Owner Participant Guarantor, in accordance with the provisions hereof; (ii) copies of the certificate of incorporation, by-laws and/or other constituent documents of Owner Participant Guarantor, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Owner Participant Guarantor, together with all amendments and supplements thereto; and (iii) an incumbency certificate of Owner Participant Guarantor, dated as of the Delivery Date, as to the persons authorized to execute and deliver the Operative Documents to which Owner Participant Guarantor is or is to be a party and each other document executed or to be executed on behalf of Owner Participant Guarantor in connection with the transactions contemplated hereby and thereby and the signatures of such person or persons;] and

(d) [evidence of Owner Participant's appointment of a process agent as provided in Section 10.7.7 and [of Owner Participant Guarantor's appointment of a process agent as provided in the Owner Participant Guarantee and]² [each] of such process agent's acceptance of such appointment.]³

4.2.2 Other Conditions Precedent. Each of the conditions set forth in Sections 4.1.2, 4.1.3, 4.1.4, 4.1.5, 4.1.6, 4.1.7, 4.1.8, 4.1.9, 4.1.10 and 4.1.11 shall have been satisfied or waived by Owner Trustee, unless the failure of any such condition to be satisfied is the result of any action or inaction by Owner Trustee or by a Person within Owner Trustee's control.

4.3 Conditions Precedent to Obligations of Lessee. The obligation of Lessee to take the actions required by this Agreement to be taken by it at the Closing is subject to the satisfaction or waiver by Lessee, prior to or at the Closing, of the conditions precedent set forth below in this Section 4.3; provided that it shall not be a condition precedent to the obligations of Lessee that any document be delivered or action be taken that is to be delivered or be taken by Lessee or by a Person within Lessee's control.

4.3.1 Delivery of Documents. Executed original counterparts or copies of the following documents shall have been received by Lessee or its counsel, unless the failure to receive such document is the result of any action or inaction by Lessee or by a Person within Lessee's control:

(a) the documents described in Sections 4.1.1, [and] 4.2.1(b), [and 4.2.1(c)], [and 4.2.1(d)]⁴ except as specifically provided therein; and

(b) the Owner Participant Guarantee, if any.

4.3.2 Sales Tax. Owner Trustee and Owner Participant shall have provided such exemption certificates for sales, use, value added, goods and services, transfer, stamp or similar Tax purposes with respect to the delivery and lease of the Aircraft as Lessee may reasonably request, and Lessee shall be reasonably satisfied that no such Tax is payable with respect to such delivery and lease.

4.3.3 Tax Forms. Lessee shall have received from Owner Trustee a duly completed and executed original IRS Form W-9, and each of Lessee and Owner Trustee shall have received from Owner Participant a duly completed and executed original IRS Form [W-9]⁵ (and/or other applicable IRS Form(s)), in each case, establishing a complete exemption from U.S. federal withholding Taxes with respect to all payments of Rent or other amounts to or for the benefit of Owner Trustee or Owner Participant under the Operative Documents.

² Include if Owner Participant Guarantor is foreign.

³ Include if foreign OP.

⁴ Include if foreign OP or foreign OP guarantor.

⁵ If foreign OP, replace W-9 with W-8BEN or other relevant IRS form(s).

4.3.4 Representations, Warranties and Covenants. On the Delivery Date, the representations and warranties of each of Lessor, Trust Company, Owner Participant and Owner Participant Guarantor (if any) made herein and in the other Operative Documents shall be correct and accurate in all material respects, in each case as though made on and as of such date, or if such representations and warranties relate solely to an earlier date, as of such earlier date, and each of Lessor, Trust Company, Owner Participant and Owner Participant Guarantor (if any) shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in the other Operative Documents to which it is party to be observed and performed by it as of the Delivery Date.

4.3.5 Title. Title to the Aircraft shall have been conveyed to Owner Trustee (subject to the recordation of the FAA Bill of Sale with the FAA pursuant to Section 6.5.1 and the registration on the International Registry of the Sale of the Airframe and Engines from Manufacturer to Owner Trustee pursuant to Section 6.5.2), free and clear of Liens other than (a) the rights and interests of Owner Trustee and Lessee under the Lease and Lease Supplement No. 1 covering the Aircraft and (b) the beneficial interest of Owner Participant created by the Trust Agreement.

4.3.6 Filings. On the Delivery Date, the FAA Bill of Sale shall have been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA pursuant to the Transportation Code.

4.3.7 Application for Registration. Counsel to the FAA or Aviation Counsel shall have confirmed in writing that the Aircraft is registered or is eligible to be registered in the name of Owner Trustee, the Aircraft shall be registered with the FAA in the name of the Owner Trustee (or application for registration of the Aircraft in the name of Owner Trustee shall have been duly made with the FAA) and Lessee has temporary or permanent authority to operate the Aircraft.

4.3.8 Other Conditions Precedent. Each of the conditions set forth in Sections 4.1.2, 4.1.3, 4.1.5, 4.1.7, 4.1.8, 4.1.9, 4.1.10 and 4.1.11 shall have been satisfied or waived by Lessee, unless the failure of any such condition to be satisfied is the result of any action or inaction by Lessee or by a Person within Lessee's control.

4.4 Aviation Counsel Opinions.

4.4.1 Filing Opinion. Promptly following the filings and registrations described in Sections 6.5.1 and 6.5.2, Lessee, Owner Trustee and Owner Participant shall receive an opinion addressed to each of them from Aviation Counsel, substantially in the form of Exhibit D.

4.4.2 Recordation Opinion. Promptly following the registration of the Aircraft, the recording of the FAA Bill of Sale, the Lease and Lease Supplement No. 1 pursuant to the Transportation Code, and the receipt of appropriate and correct recording information from the FAA, Lessee, Owner Trustee and Owner Participant shall receive an opinion addressed to each of them from Aviation Counsel, as to the due registration of the Aircraft, the due recording of such instruments and the lack of filing of any intervening documents with respect to the Aircraft.

Section 5. Representations and Warranties.

5.1 Representations and Warranties of Lessee. Lessee hereby represents and warrants that as of the date hereof:

5.1.1 Organization. Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to own or hold under lease its properties and to enter into and perform its obligations under the Operative Documents to which it is or will be a party.

5.1.2 Corporate Authorization; No Violation. The execution, delivery and performance by Lessee of this Agreement and the other Operative Documents to which it is or will be a party have been duly authorized by all necessary corporate action on the part of Lessee, do not require any stockholder approval or approval or consent of any trustee or holder of indebtedness or obligations of Lessee, except such as have been duly obtained, and do not and will not violate the certificate of incorporation or by-laws of Lessee or any current law, governmental rule, regulation, judgment or order binding on Lessee or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of Lessee under, any indenture, mortgage, contract or other agreement to which Lessee is a party or by which Lessee or its properties is or are bound or affected.

5.1.3 Approvals. Neither the execution and delivery by Lessee of, nor the performance by Lessee of its obligations under, nor the consummation by Lessee of the transactions contemplated in, this Agreement and the other Operative Documents to which Lessee is or will be a party, requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of, the Department of Transportation, the FAA or any other United States federal or state governmental authority having jurisdiction, or the International Registry, except for (a) the filings and registrations referred to in Section 5.1.7, (b) notices, filings, recordings and other actions required to be given, made or performed after the Delivery Date and (c) such action, as a result of any act or omission by Owner Trustee, Owner Participant or any Affiliate of any thereof, as may be required under the United States federal securities laws or the securities or other laws of any state thereof or other jurisdiction applicable to sales of securities.

5.1.4 Valid and Binding Agreements. This Agreement has been duly executed and delivered by Lessee and constitutes, and each other Operative Document to which Lessee will be a party will be duly executed and delivered by Lessee and, when executed and delivered, will constitute, the legal, valid and binding obligation of Lessee enforceable against Lessee in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity and except, in the case of the Lease, as limited by applicable laws that may affect the remedies provided in the Lease, which laws, however, do not make the remedies provided in the Lease inadequate for the practical realization of the rights and benefits intended to be provided thereby.

5.1.5 Litigation. Except for such matters disclosed in press releases issued by AMR Corporation or Lessee or in public filings made with the Securities and Exchange Commission under the Exchange Act by AMR Corporation or Lessee, there are no pending or, to Lessee's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the ability of Lessee to perform its obligations under this Agreement or any of the other Operative Documents to which Lessee is or will be a party.

5.1.6 Securities Law. Neither Lessee nor any Person authorized to act on its behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any applicable securities law.

5.1.7 Registration and Recordation. Except for (a) the registration of the Aircraft with the FAA pursuant to the Transportation Code and periodic renewals of such registration as may be necessary under the FAA regulations governing U.S. registration of aircraft, (b) the filing for recordation with the FAA pursuant to the Transportation Code of the FAA Bill of Sale, the Lease and Lease Supplement No. 1 and (c) the registration on the International Registry of (i) the Sale of the Airframe and Engines from Manufacturer to Owner Trustee and (ii) the International Interests created under the Lease (as supplemented by Lease Supplement No. 1), no further filing or recording of any document is necessary or advisable in order to establish and perfect Owner Trustee's interests in the Aircraft as against Lessee and any third parties in any jurisdiction within the United States, other than the filing of a precautionary financing statement in respect thereof under Article 9 of the UCC as in effect in the State of Delaware and the filing of continuation statements with respect thereto required to be filed at periodic intervals under such UCC.

5.1.8 Certificated Air Carrier. Lessee is a Certificated Air Carrier.

5.2 Representations and Warranties of Owner Participant. Owner Participant hereby represents and warrants that as of the date hereof:

5.2.1 Organization. Owner Participant is [type of entity] duly organized, validly existing and in good standing under the laws of [jurisdiction of organization] and has the [corporate] power and authority to own or hold under lease its properties, to carry on its business and operations and to enter into and perform its obligations under the Operative Documents to which it is or will be a party.

5.2.2 Corporate Authorization; No Violation. The execution, delivery and performance by Owner Participant of this Agreement and the other Operative Documents to which it is or will be party have been duly authorized by all necessary [corporate] action on the part of Owner Participant, do not require any [stockholder] approval or approval or consent of any trustee or holder of indebtedness or obligations of Owner Participant, except such as have been duly obtained, or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of Owner Participant under, any indenture, mortgage, contract or other agreement to which Owner Participant is a party or by which Owner Participant or its properties is or are bound or affected. The execution, delivery and performance by Owner Participant of this Agreement and the other Operative Documents to which it is or will be party and the acquisition by Owner Participant of its interest in the Trust Estate (and the rights related thereto) do not and will not violate the [organizational documents] of Owner Participant or any current law, governmental rule, regulation, judgment or order binding on Owner Participant (including, without limitation, any such law, rule, regulation, judgment or order relating to money-laundering, anti-corruption or export control or imposing economic sanctions).

5.2.3 Approvals. Neither the execution and delivery by Owner Participant of, nor the performance by Owner Participant of its obligations under, nor the consummation by Owner Participant of the transactions contemplated in, this Agreement and the other Operative Documents to which Owner Participant is or will be a party, requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of any [jurisdiction of organization] governmental authority having jurisdiction.

5.2.4 Valid and Binding Agreements. This Agreement has been duly executed and delivered by Owner Participant and constitutes, and each other Operative Document to which Owner Participant will be a party will be duly executed and delivered by Owner Participant and, when executed and delivered, will constitute, the legal, valid and binding obligation of Owner Participant enforceable against Owner Participant in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

5.2.5 Litigation. There are no pending or, to Owner Participant's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the ability of Owner Participant to perform its obligations under this Agreement or any of the other Operative Documents to which Owner Participant is or will be a party.

5.2.6 Securities Law. Neither Owner Participant nor any Person authorized to act on its behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any other applicable securities law.

5.2.7 No Liens. On the Delivery Date, there are no Lessor's Liens attributable to it.

5.2.8 Citizenship. Either (a) Owner Participant is a Citizen of the United States or (b) the Trust Agreement is in a form that permits the Aircraft to be registered with the FAA in the name of Owner Trustee (without regard to any provision of applicable law that permits FAA registration of an aircraft by limiting its location and usage but with regard to voting trust provisions and provisions delegating certain control rights to Owner Trustee), notwithstanding the failure of Owner Participant to be a Citizen of the United States.

5.2.9 ERISA. Either (a) no part of the funds to be used by Owner Participant to make and hold its investment pursuant to this Agreement directly or indirectly constitutes assets of any "employee benefit plan" (as defined in Section 3(3) of ERISA) or of any "plan" (as defined in Section 4975(e) of the Code) or (b) its purchase and holding of its interest in the Trust Estate and its investment pursuant to this Agreement are exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to one or more prohibited transaction statutory or administrative exemptions.

5.2.10 Qualifying Institution. Owner Participant shall be a Qualifying Institution (as defined in Section 8.2(a)(ii)) as of the Delivery Date.

5.2.11 Tax Status. [Owner Participant is a domestic [corporation][partnership] for U.S. federal income tax purposes.]⁶

5.3 Representations and Warranties of Owner Trustee and Trust Company. Wells Fargo Bank Northwest, National Association, as Trust Company (except with respect to Sections 5.3.4(b), 5.3.5(b) and 5.3.7(b)) and as Owner Trustee, hereby represents and warrants that as of the date hereof:

5.3.1 Organization. Trust Company is a national banking association duly organized and validly existing and in good standing under the laws of the United States and has the corporate power, authority and legal right under the laws of the United States pertaining to its banking, trust and fiduciary powers to enter into and perform its obligations under the Operative Documents to which it is or will be a party.

⁶ If Owner Participant is a foreign entity, replace with language to the following effect: "Owner Participant is (x) taxed as a [corporation] for U.S. federal income tax purposes, (y) a corporation resident in [] for [] tax purposes [(by virtue of being managed and controlled in [])] and (z) a resident of [] within the meaning of the income tax convention between [] and the United States (the "**Treaty**") and fully eligible for the benefits of the ["Business Profits"] ["Industrial or Commercial Profits"], "Interest" and "Other Income" articles of the Treaty with respect to all payments under the Lease and the other transaction documents and all income of Lessor with respect thereto." If a foreign Owner Participant is tax-transparent, add similar language regarding its owners. In addition, in the case of a foreign Owner Participant, Lessee will need to understand whether the Owner Participant's country imposes, under the Law in effect on the Delivery Date, any Taxes on the delivery of the Aircraft to Lessee under the Lease, or requires any stamp, value added or similar Taxes to be charged or collected by Lessee or Owner Trustee with respect to the Operative Documents or any Rent.

5.3.2 Corporate Authorization. The execution, delivery and performance by each of Trust Company and Owner Trustee of this Agreement and the other Operative Documents to which it is or will be party have been duly authorized by all necessary corporate action on the part of Trust Company or Owner Trustee, as the case may be, do not require any stockholder approval or approval or consent of any trustee or holder of indebtedness or obligations of Trust Company or Owner Trustee, except as such as have been duly obtained, and do not and will not violate the certificate of incorporation or by-laws of Trust Company or any current law, governmental rule, regulation, judgment or order binding on Trust Company or Owner Trustee pertaining to its banking, trust or fiduciary powers or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of Trust Company or Owner Trustee under, any indenture, mortgage, contract or other agreement to which Trust Company or Owner Trustee is a party or by which Trust Company or Owner Trustee or its properties is or are bound or affected.

5.3.3 Approvals. Neither the execution and delivery by Trust Company or Owner Trustee of, nor the performance by Trust Company or Owner Trustee of its obligations under, nor the consummation by Trust Company or Owner Trustee of the transactions contemplated in, this Agreement and the other Operative Documents to which Trust Company or Owner Trustee is or will be a party, requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of, any United States federal or Utah state governmental authority having jurisdiction over its banking, trust or fiduciary powers.

5.3.4 Valid and Binding Agreements. (a) This Agreement has been duly executed and delivered by Trust Company and constitutes, and each other Operative Document to which Trust Company will be a party will be duly executed and delivered by Trust Company and, when executed and delivered, will constitute, the legal, valid and binding obligation of Trust Company enforceable against Trust Company in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

(b) This Agreement has been duly executed and delivered by Owner Trustee and constitutes, and each other Operative Document to which Owner Trustee will be a party will be duly executed and delivered by Owner Trustee and, when executed and delivered, will constitute, the legal, valid and binding obligation of Owner Trustee enforceable against Owner Trustee in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

5.3.5 Litigation. (a) There are no pending or, to Trust Company's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the financial condition of Trust Company or the ability of Trust Company to perform its obligations under this Agreement or any of the other Operative Documents to which Trust Company is or will be a party.

(b) There are no pending or, to Owner Trustee's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the financial condition of Owner Trustee or the ability of Owner Trustee to perform its obligations under this Agreement or any of the other Operative Documents to which Owner Trustee is or will be a party.

5.3.6 Securities Law. Neither Owner Trustee nor Trust Company nor any Person authorized to act on their respective behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security for sale to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any applicable securities law.

5.3.7 No Liens; Title. (a) On the Delivery Date, there are no Lessor's Liens attributable to Trust Company.

(b) On the Delivery Date, there are no Lessor's Liens attributable to Owner Trustee.

(c) On the Delivery Date, Owner Trustee shall have received whatever title to the Aircraft was conveyed to it by Manufacturer.

5.3.8 Citizenship. Each of Owner Trustee and Trust Company is a Citizen of the United States (without making use of a voting trust agreement or a voting powers agreement).

5.3.9 No Taxes. There are no Taxes imposed by the State of Utah or any political subdivision thereof in connection with the execution and delivery by Trust Company or Owner Trustee of this Agreement or the other Operative Documents to which it is a party or the acquisition by Owner Trustee of its interest in the Aircraft. There are no Taxes imposed by the State of Utah or any political subdivision thereof on Owner Trustee or Trust Company (other than franchise or other taxes based on or measured by any fees or compensation received for services rendered as Owner Trustee) in connection with the ownership and leasing of the Aircraft under, or the performance by Trust Company or Owner Trustee of, the Lease or the other Operative Documents to which it is a party, which Taxes would not have been imposed if the Trust Agreement were not governed by Utah law and neither Trust Company nor Owner Trustee had its principal place of business in, held the Trust Estate in or performed its duties under the Trust Agreement and the other Operative Documents in the State of Utah.

Section 6. Covenants and Agreements.

6.1 Covenants of Lessee.

6.1.1 Corporate Existence; Certificated Air Carrier. Lessee shall at all times maintain its corporate existence (except as permitted by Section 6.1.3) and shall do or cause to be done all things necessary to preserve and keep in full force and effect its rights (charter and

statutory) and franchises to the extent deemed necessary in the good faith judgment of Lessee in the ordinary course of business except for any right or franchise that Lessee determines is no longer necessary or desirable in the conduct of its business. Lessee shall, for as long as and to the extent required under Section 1110 in order that Lessor be entitled to the benefits of Section 1110 with respect to the Aircraft (if any), remain a Certificated Air Carrier.

6.1.2 Financial and Other Information. Lessee agrees to furnish Owner Trustee and Owner Participant:

(a) within 60 days after the end of each of the first three quarterly periods in each fiscal year of Lessee during the Term, either (i) a consolidated balance sheet of Lessee and its consolidated subsidiaries as of the close of such period, together with the related consolidated statements of income for such period, or (ii) a report of Lessee on Form 10-Q in respect of such period in the form filed with the Securities and Exchange Commission;

(b) within 120 days after the close of each fiscal year of Lessee during the Term, either (i) a consolidated balance sheet of Lessee and its consolidated subsidiaries as of the close of such fiscal year, together with the related consolidated statements of income for such fiscal year, as certified by independent public accountants, or (ii) a report of Lessee on Form 10-K in respect of such year in the form filed with the Securities and Exchange Commission;

(c) within 120 days after the close of each fiscal year of Lessee during the Term, a certificate of Lessee signed by a Responsible Officer of Lessee, to the effect that the signer has reviewed the relevant terms of the Lease and has made, or caused to be made under his or her supervision, a review of the transactions and condition of Lessee during the accounting period covered by the financial statements referred to in clause (b) above, and that such review has not disclosed the existence during such accounting period, nor does the signer have knowledge of the existence as of the date of such certificate, of any Event of Default or, if any such Event of Default exists or existed, specifying the nature and period of existence thereof and what action Lessee has taken or is taking or proposes to take with respect thereto; and

(d) such other non-confidential information readily available to Lessee without undue expense as Owner Trustee shall reasonably request.

The items required to be furnished pursuant to clause (a) and clause (b) above shall be deemed to have been furnished on the date on which such item is posted on the Securities and Exchange Commission's website at www.sec.gov, and such posting shall be deemed to satisfy the requirements of clause (a) and clause (b); provided that Lessee shall deliver a paper copy of any item referred to in clause (a) and clause (b) above to Owner Trustee and Owner Participant if Owner Participant so requests.

6.1.3 Merger. Lessee shall not consolidate with or merge into any other Person, or convey, transfer or lease all or substantially all of its assets as an entirety to any Person, unless:

(a) the Person formed by such consolidation or into which Lessee is merged or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of Lessee as an entirety (the "**Successor**");

(i) if and to the extent required under Section 1110 in order that Lessor continues to be entitled to any benefits of Section 1110 with respect to the Aircraft, shall be a Certificated Air Carrier; and

(ii) shall execute and deliver to Owner Trustee and Owner Participant an agreement in form reasonably satisfactory to Owner Participant containing an assumption by such Successor of the due and punctual performance and observance of each covenant and condition to be performed or observed by Lessee of each of the Operative Documents to which Lessee is a party;

(b) immediately after giving effect to such transaction, no Event of Default caused by such transaction shall have occurred and be continuing; and

(c) Lessee shall have delivered to Owner Trustee and Owner Participant an officer's certificate and an opinion of counsel (which may be Lessee's General Counsel), each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement described in clause (a) above comply with this Section 6.1.3 and that all conditions precedent herein provided for relating to such transaction have been complied with (except that such opinion need not cover the matters referred to in clause (b) above and may rely, as to factual matters, on an officer's certificate of Lessee) and, in the case of such opinion, that such assumption agreement has been duly authorized, executed and delivered by the Successor, constitutes its legal, valid and binding obligation and is enforceable against the Successor in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity.

Upon any consolidation or merger, or any conveyance, transfer or lease of all or substantially all of the assets of Lessee as an entirety in accordance with this Section 6.1.3, the Successor shall succeed to, be substituted for, and may exercise every right and power of, and shall assume every obligation and liability of, Lessee under the Operative Documents with the same effect as if the Successor had been named as Lessee herein; and thereafter, Lessee shall be released and discharged from all obligations and covenants under the Operative Documents.

6.1.4 [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(c) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(d) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(e) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6.2 Covenants of Owner Participant.

6.2.1 Owner Trustee Obligations. Owner Participant agrees that it will not direct Owner Trustee to take any action in violation of any agreement or undertaking of Owner Trustee in any of the Operative Documents.

6.2.2 Replacement of Owner Trustee. Owner Participant agrees not to remove the institution acting as Owner Trustee, and not to replace the institution acting as Owner Trustee in the event that such institution resigns as Owner Trustee, without in either case having obtained Lessee's prior written consent (such consent not to be unreasonably withheld); provided that Lessee's consent shall not be required if any Event of Default shall have occurred and be continuing. In any such event, a new Owner Trustee selected by Owner Participant which is a Citizen of the United States and, unless an Event of Default shall have occurred and be continuing, is acceptable to Lessee, shall be substituted for Owner Trustee; provided that Owner Participant shall not choose a replacement Owner Trustee which, in the good faith opinion of Lessee, may (or, if an Event of Default shall have occurred and be continuing, Owner Participant shall use its best efforts to select a replacement Owner Trustee which will not) result in additional liability to Lessee pursuant to Section 7.1. or 7.2., except in the case of a mandatory or voluntary resignation of Owner Trustee where Lessee has not proposed an alternative Owner Trustee that is reasonably satisfactory to Owner Participant.

6.2.3 Certain Payments. Owner Participant agrees to pay or cause Owner Trustee to pay all or any portion of [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] pursuant to Section 6.1.4(e), as and when specified in such Section.

6.2.4 Replacement Engines. Owner Participant agrees that, in the case of any Replacement Engine substituted pursuant to Section 8(d) of the Lease or any engine substituted pursuant to Section I of the Return Conditions, Owner Trustee is hereby authorized and directed to take the actions specified in Section 8(d) of the Lease or Section I of the Return Conditions, as applicable, with respect to such Replacement Engine or engine, as applicable.

6.3 Covenants of Owner Trustee and Trust Company.

6.3.1 FAA and International Registry Correspondence. Owner Trustee agrees to furnish to Lessee copies of (a) all periodic reports sent by it to the FAA (or to the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States) or the International Registry relating to the Aircraft, (b) all notices, certificates of aircraft registration and other documents and correspondence received by it from the FAA (or from the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States) or the International Registry relating to the Aircraft and (c) any other notices, assessments, affidavits, instruments or other documents relating to the Aircraft, the Trust Estate or Owner Trustee's ownership thereof in its possession after the date hereof.

6.3.2 Distribution of Funds. With respect to any amount stated in the Lease or any other Operative Document to be distributable by Trust Company or Owner Trustee to Lessee or Owner Participant, each of Trust Company and Owner Trustee, upon receipt thereof, agrees to distribute such amount (or cause such amount to be distributed) to Lessee or Owner Participant, as applicable, in accordance with the terms of the Lease or such other Operative Document.

6.3.3 Indebtedness and Other Business. Each of Trust Company and Owner Trustee agrees that Owner Trustee will not create, incur or assume any indebtedness for money borrowed, or enter into any business or other activity, except to the extent expressly provided in this Agreement or the other Operative Documents.

6.3.4 Trust Administration. Each of Owner Trustee and Trust Company agrees that it will perform all of its administrative duties under this Agreement and the other Operative Documents solely in the State of Utah or in such other location to which the situs of the Trust is moved in accordance with Section 6.4.9, except to the extent necessary to exercise any of its rights or remedies to the extent permitted by applicable laws in connection with an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

6.3.5 Banking Law Filing. Trust Company agrees to make any filing required to be made under Section 131.3 of the New York State Banking Law.

6.3.6 Funds Transfer Fees. Each of Owner Trustee and Trust Company agrees that it will not impose, directly or indirectly, any lifting charge, cable charge, remittance charge or any other charge or fee on any transfer by Lessee of funds to, through or by Owner Trustee and Trust Company pursuant to any Operative Document, except as may be otherwise agreed to in writing by Lessee (in which case such agreed charge or fee shall be for Lessee's account).

6.4 Other Covenants.

6.4.1 Lessor's Liens. Each of Owner Participant and Trust Company agrees that (a) it shall promptly, at its own cost and expense, take such action as may be necessary duly to discharge and satisfy in full any Lessor's Lien attributable to it if the same shall arise at any time (by bonding or otherwise, so long as Lessee's operation and use of the Aircraft is not impaired); provided that Owner Participant may, for a period of not more than 60 days, contest any such Lessor's Lien diligently and in good faith by appropriate proceedings so long as such contest does not involve any material risk of the sale, forfeiture or loss of or loss of use of the Airframe or any Engine or any material risk of criminal penalties or material civil penalties being imposed on Lessee, and (b) it shall indemnify and hold harmless the other parties hereto from and against any loss, cost, Tax, expense or damage (including reasonable legal fees and expenses) that may be suffered or incurred by any of them as a result of its failure to promptly discharge or satisfy in full any such Lessor's Lien.

6.4.2 Vesting of Title. Each of Owner Participant, Owner Trustee and Trust Company agrees that in each instance in which the Lease provides that title to the Aircraft, any Engine, engine, Part or Obsolete Part shall be transferred to or vest in Lessee, title to such Aircraft, Engine, engine, Part or Obsolete Part shall vest in Lessee, free and clear of all right, title and interest of such party, Lessor's Liens and Liens of the type described in Section 6(h) of the Lease, and each of Owner Participant, Owner Trustee and Trust Company shall do all acts necessary to discharge all such Liens and other rights held by it in such Aircraft, Engine, engine, Part or Obsolete Part.

6.4.3 Quiet Enjoyment. Each of Owner Participant, Owner Trustee and Trust Company agrees that, except as expressly permitted by Section 15 of the Lease following an Event of Default that has occurred and is continuing, notwithstanding anything herein or in any other Operative Document to the contrary, neither it nor any Person claiming by, through or under it shall (a) discharge the registration with the International Registry of the International Interests arising with respect to the Lease, (b) transfer the right to discharge any of such International Interests to any other Person or cause any such right to be so transferred or (c) take or cause to be taken any action inconsistent with Lessee's rights under the Lease and its right to quiet enjoyment of the Aircraft, the Airframe, any Engine or any Part, or otherwise in any way interfere with or interrupt the use, operation and continuing possession of the Aircraft, the Airframe, any Engine or any Part by Lessee or any sublessee, assignee or transferee under any sublease, assignment or transfer then in effect and permitted by the terms of the Lease.

6.4.4 Aircraft Registration. Each of Owner Participant, Owner Trustee and Trust Company agrees (a) to execute and deliver all documents and instruments required by the FAA from time to time or as Lessee reasonably requests for the purpose of effecting and continuing the United States registration of the Aircraft pursuant to Section 7(a) of the Lease, (b) to cooperate with Lessee in effecting and continuing any foreign re-registration of the Aircraft pursuant to Section 7(a) of the Lease and (c) to perform all action necessary or appropriate in order for Lessee to have temporary or permanent authority under applicable United States federal law to operate the Aircraft as contemplated by the Lease.

6.4.5 Interest in Certain Engines. Each of Owner Participant, Owner Trustee and Trust Company agrees, for the benefit of the lessor, conditional vendor or secured party of any airframe or any engine leased, purchased or owned by Lessee subject to a lease, conditional sale or other security agreement, that it will not acquire or claim, as against such lessor, conditional vendor or secured party, any right, title or interest in any engine or engines as the result of such engine or engines being installed on the Airframe at any time while such engine or engines are subject to such lease, conditional sale or other security agreement.

6.4.6 Compliance with Trust Agreement. Each of Owner Participant, Owner Trustee and Trust Company agrees (a) to comply with all of the terms of the Trust Agreement (as the same may hereafter be amended or supplemented from time to time in accordance with the terms thereof and clause (b) of this Section 6.4.6) applicable to it, (b) not to amend, supplement or otherwise modify any provision of the Trust Agreement without Lessee's prior written consent (such consent not to be unreasonably withheld) and (c) notwithstanding anything to the contrary contained in the Trust Agreement, not to terminate or revoke the Trust Agreement or the trusts created by the Trust Agreement without Lessee's prior written consent (such consent not to be unreasonably withheld).

6.4.7 Warranties. Each of Owner Participant, Owner Trustee and Trust Company agrees that, so long as no Event of Default shall have occurred and be continuing, Lessee shall, throughout the Term, have the benefit of and shall be entitled to enforce, either in its own name or in the name of Owner Trustee for the use and benefit of Lessee, any and all warranties of any Person (whether express or implied) in respect of the Aircraft, the Airframe, any Engine or any Part, and each of Owner Participant, Owner Trustee and Trust Company agrees to execute and deliver such further documents and take such further action, as may be reasonably requested by Lessee and at Lessee's cost and expense, as may be necessary to enable Lessee to obtain such warranty service or the benefits of any such warranty as may be furnished for the Aircraft, Airframe, any Engine or any Part by such Person. Each of Owner Participant, Owner Trustee and Trust Company hereby appoints and constitutes Lessee, for the duration of the Term except at such times as an Event of Default shall have occurred and be continuing, its agent and attorney-in-fact during the Term to assert and enforce, from time to time, in the name and for the account of Owner Trustee and Lessee, as their interests may appear, but in all cases at the cost and expense of Lessee, whatever claims and rights any of them may have against such Person.

6.4.8 Bankruptcy of Trust Estate. Each of Owner Participant, Trust Company and Owner Trustee agrees that it shall not commence or join in any action to subject the Trust Estate or the trust established by the Trust Agreement, as debtor, to the reorganization or liquidation provisions of the Bankruptcy Code or any other applicable bankruptcy or insolvency statute.

6.4.9 Change in Situs of Trust. Each of Owner Participant, Trust Company and Owner Trustee agrees that if, at any time, Lessee (a) certifies that Lessee has, or in its good faith opinion will, become obligated to pay an amount pursuant to Section 7.2, and such amount would be reduced or eliminated if the situs of the Trust were changed and (b) requests that the situs of the Trust be moved to another state in the United States from the state in which it is then located, Owner Participant shall direct such change in situs as may be specified in writing by Lessee, and Owner Participant and Owner Trustee shall take whatever action as may be reasonably necessary to accomplish such change. All reasonable out-of-pocket fees and expenses of Owner Participant, Trust Company and Owner Trustee incurred in connection with such a change in situs shall be borne by Lessee. Notwithstanding anything to the contrary contained herein or in any other Operative Document, Owner Participant and Owner Trustee will not consent to or direct a change in the situs of the Trust without the prior written consent of Lessee.

6.4.10 Insurance. Each of Owner Participant, Owner Trustee and Trust Company agrees not to obtain or maintain insurance for its own account if such insurance would limit or otherwise adversely affect the coverage or amounts payable under, or increase the premiums for, any insurance required to be maintained pursuant to Section 11 of the Lease or any other insurance maintained by Lessee.

6.4.11 Stamp Tax. Owner Participant shall pay any stamp, documentation or similar Tax imposed or levied upon or in respect of its execution or delivery of this Agreement or any other Operative Document by any jurisdiction outside the United States in which it (a) is organized, (b) has its principal office or an office through which it is acting hereunder or (c) executes or delivers any such document.

6.5 Filings.

6.5.1 FAA Filings. On the Delivery Date, Lessee and Owner Trustee will cause the FAA Bill of Sale, the Application for Aircraft Registration, the Lease and Lease Supplement No. 1 to be promptly filed and recorded, or filed for recording, with the FAA to the extent permitted under the Transportation Code or required under any other applicable United States law, in the following order: first, the FAA Bill of Sale; second, the Application for Aircraft Registration; and third, the Lease, to be effected by so filing the Lease with Lease Supplement No. 1 attached thereto.

6.5.2 International Registry Filings. On or promptly after the Delivery Date, Lessee and Owner Trustee will cause the registration of the following to be effected on the International Registry in accordance with the Cape Town Treaty in the following order: first, the Sale of the Airframe and Engines from Manufacturer to Owner Trustee; and second, the International Interests created under the Lease (as supplemented by Lease Supplement No. 1). Lessee and Owner Trustee each shall also, as and to the extent applicable, consent to such registrations upon the issuance of a request for such consent by the International Registry.

Section 7. Indemnification and Expenses.

7.1 General Indemnity.

7.1.1 Claims Indemnified. Subject to Section 7.1.2, if the Closing occurs, Lessee agrees to indemnify and hold harmless each Indemnified Person on an After-Tax Basis against any and all Claims imposed on, incurred by or asserted against such Indemnified Person resulting from or arising out of (a) Lessee's use, possession and operation of the Aircraft, including the control, delivery, redelivery, location, pooling, maintenance, repair, substitution, replacement, registration, re-registration, sublease, storage, modification, alteration, return, transfer or other disposition of the Aircraft, the Airframe, any Engine or any Part (including, without limitation, with respect thereto, any such Claim for any death or injury to passengers or others, any such Claim for any damage to the environment, and any such Claim for patent, trademark or copyright infringement) and (b) any incorrectness of any representations or warranties of Lessee contained in any Operative Document, or any failure by Lessee to perform or observe any covenant, agreement or other obligation to be performed or observed by Lessee under the Lease and the other Operative Documents.

7.1.2 Claims Excluded. Lessee shall have no obligation to indemnify and hold harmless any Indemnified Person under Section 7.1 (or otherwise under the Operative Documents) with respect to Claims described in any one or more of the following subsections:

(a) Any Claim to the extent attributable to acts or events occurring after the earlier of (i) the return of the Aircraft to Lessor pursuant to Section 5 of the Lease and (ii) the expiration or earlier termination of the Lease except to the extent such Claim arises pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(b) Any Claim that is or is attributable to a Tax (including any Tax benefits), whether or not Lessee is required to indemnify therefor under Section 7.2, it being agreed that Section 7.2 sets forth Lessee's entire liability with respect to Taxes, other than Taxes taken into account in order to make an indemnity payment under this Section 7.1 on an After-Tax Basis;

(c) Any Claim to the extent attributable to the gross negligence or willful misconduct of any Indemnified Person (other than the gross negligence or willful misconduct imputed as a matter of law to any Indemnified Person solely by reason of its interest in the Aircraft);

(d) Any Claim to the extent attributable to the failure by any Indemnified Person to perform or observe any covenant, agreement or other obligation to be performed or observed by it under, or any incorrectness of any representations or warranties of any Indemnified Person contained in, the Lease or any other Operative Document or any agreement relating hereto or thereto to which any such Indemnified Person is a party;

(e) Any Claim that constitutes a Permitted Lien;

(f) Any Claim to the extent attributable to the Transfer (voluntary or involuntary) (i) by any Indemnified Person of any interest in the Aircraft, the Airframe, any

Engine, any Part, the Trust Estate, Rent or any interest arising under any Operative Document, or any similar interest or security, in each case other than such a Transfer pursuant to the Return Conditions or Section 8 or 10 of the Lease or pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing, or (ii) of any interest (direct or indirect) in any Indemnified Person;

- (g) Any Claim to the extent attributable to a failure on the part of Owner Trustee to distribute in accordance with the Operative Documents any amounts received and distributable by it thereunder;
- (h) Any Claim to the extent relating to any cost, fee, expense or other payment obligation (i) that is payable or borne by (A) Lessee pursuant to any expense, indemnification, compensation or reimbursement provision of any Operative Document other than this Section 7.1 or (B) a Person other than Lessee pursuant to any provision of any Operative Document or (ii) that such Indemnified Person expressly agrees shall not be payable or borne by Lessee;
- (i) Any Claim to the extent that it is an ordinary and usual operating or overhead expense;
- (j) Any Claim resulting from a violation of ERISA or a “prohibited transaction” under Section 4975 of the Code;
- (k) Any Claim that would not have arisen but for the authorization, giving or withholding of any future amendments, supplements, waivers or consents with respect to any Operative Document, other than such (i) as are requested in writing by Lessee, or (ii) that occur as a result of the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;
- (l) Any Claim that would not have arisen but for any indebtedness, head lease, swap, hedge, or other financing (other than the Lease) arrangements of any Indemnified Person relating to the Aircraft, the Airframe, any Engine, any Part, Rent or any Operative Document; provided that, in the case of any such Claim against any Back-Leveraging Indemnified Person, such Claim shall only be excluded by this subsection (l) to the extent that the nature of such Claim is different than it would have been had such Back-Leveraging Indemnified Person (i) been Lessor or Owner Participant or an officer, director, servant, agent, successor and permitted assign of Lessor or Owner Participant, as applicable, and (ii) entered into the Operative Documents but not the other documents relating to the applicable Back-Leveraging Transaction;
- (m) Any Claim that would not have arisen but for the failure of Trust Company, Owner Trustee or Owner Participant to be a Citizen of the United States; and
- (n) Any Claim that is attributable to or relates to any broker’s fee, commission or finder’s fee in connection with any transaction contemplated by the Operative Documents (other than such fees of Lessee’s lease advisor, SkyWorks Capital, LLC).

7.1.3 Indemnified Person. All rights (including, without limitation, the right to receive any indemnity payment under this Section 7.1) of an Indemnified Person and any member of such Indemnified Person's Related Indemnitee Group shall be exercised solely by an Indemnified Person who is a party to this Agreement. If any Indemnified Person fails to comply with this Section 7.1, such Indemnified Person shall not be entitled to indemnity under this Section 7.1 with respect to any Claim to the extent (but only to the extent) that Lessee shall have been prejudiced by such failure and that such failure is not the result of or otherwise attributable to the failure of Lessee to comply with any of its duties or obligations under this Section 7.1.

7.1.4 Insured Claims. If any Claim indemnified by Lessee is covered by a policy of insurance maintained by Lessee pursuant to Section 11 of the Lease, each Indemnified Person agrees to cooperate, at Lessee's expense, with the insurers in the exercise of their rights to investigate, defend or compromise such Claim as may be required to retain the benefits of such insurance with respect to such Claim.

7.1.5 Claims Procedure. An Indemnified Person shall promptly notify Lessee of any Claim as to which indemnification is sought. Any amount payable by Lessee to any Indemnified Person pursuant to this Section 7.1 shall be paid within 30 days after receipt of a written demand therefor from such Indemnified Person accompanied by a written statement describing in reasonable detail the Claim which is the subject of and basis for such indemnity and the computation of the amount so payable.

Subject to the rights of insurers under policies of insurance maintained by Lessee, Lessee shall have the right to investigate, and the right in its sole discretion to defend or compromise, any Claim for which indemnification is sought under this Section 7.1, and each Indemnified Person shall cooperate with all reasonable requests of Lessee in connection therewith; provided that Lessee shall reimburse such Indemnified Person for all reasonable costs and expenses incurred by it in connection therewith. No Indemnified Person shall enter into a settlement or other compromise with respect to any Claim without the prior written consent of Lessee, unless such Indemnified Person waives its right and the rights of its Related Indemnitee Group to be indemnified with respect to such Claim. Where Lessee or the insurers under a policy of insurance maintained by Lessee undertake the defense of an Indemnified Person with respect to a Claim, no additional legal fees or expenses of such Indemnified Person in connection with the defense of such Claim shall be indemnified hereunder unless such fees or expenses were incurred at the request of Lessee or such insurers; provided, however, that, if in the written opinion (a "**Conflict Opinion**") of counsel to such Indemnified Person an actual or potential material conflict of interest exists where it is advisable for such Indemnified Person to be represented by separate counsel, the reasonable fees and expenses of such separate counsel shall be borne by Lessee. Subject to the requirements of any policy of insurance maintained by Lessee, an Indemnified Person may participate at its own expense in any judicial proceeding controlled by Lessee pursuant to the preceding provisions; provided that such party's participation does not, in the opinion of the independent counsel appointed by Lessee or its insurers to conduct such proceedings, interfere with such control; and such participation shall not constitute a waiver of the indemnification provided in this Section 7.1. Notwithstanding anything to the contrary contained herein, Lessee shall not under any circumstances be liable for the fees and expenses of more than one counsel for all Indemnified Persons except in the case of a delivery to Lessee of a Conflict Opinion with respect to each Indemnified Person seeking to be represented by separate counsel.

7.1.6 Subrogation. To the extent that a Claim indemnified by Lessee under this Section 7.1 is in fact paid in full by Lessee and/or an insurer under a policy of insurance maintained by Lessee, Lessee and/or such insurer, as the case may be, shall, without any further action, be subrogated to the rights and remedies of the Indemnified Person on whose behalf such Claim was paid (other than rights and remedies of such Indemnified Person under insurance policies maintained at its own expense) with respect to the transaction or event giving rise to such Claim. Such Indemnified Person shall give such further assurances or agreements and shall cooperate with Lessee or such insurer, as the case may be, to permit Lessee or such insurer to pursue such rights and remedies, if any, to the extent reasonably requested by Lessee and at Lessee's expense. Should an Indemnified Person receive any payment from any party other than Lessee or its insurers, in whole or in part, with respect to any Claim paid in full by Lessee or its insurers hereunder, such Indemnified Person shall promptly pay the amount so received (but not an amount in excess of the amount Lessee or any of its insurers has paid in respect of such Claim) over to Lessee.

7.1.7 No Guaranty. Notwithstanding anything to the contrary contained in the Lease or in any other Operative Document, Lessee shall not have any responsibility for, or incur any liabilities as a result of, any residual value guaranty, deficiency guaranty or similar agreement in connection with the Aircraft, the Airframe, any Engine or any Part. In addition, nothing set forth in this Section 7.1 shall constitute a guarantee by Lessee that the Aircraft shall have any particular value, useful life or residual value.

7.2 General Tax Indemnity

7.2.1 Taxes Indemnified. Subject to Section 7.2.2, if the Closing occurs, Lessee agrees to indemnify and hold harmless each Tax Indemnitee on an After-Tax Basis against any and all Taxes imposed on any Tax Indemnitee, Lessee, the Aircraft, the Airframe, any Engine or any Part upon or with respect to (a) the Aircraft, the Airframe, any Engine or any Part, (b) the lease, possession, operation, use, non-use, control, purchase, sale, delivery, redelivery, location, pooling, maintenance, repair, substitution, replacement, registration, re-registration, purchase, sale, sublease, storage, modification, alteration, return, transfer or other disposition of the Aircraft, the Airframe, any Engine or any Part, (c) any Basic Rent or Supplemental Rent payable by or on behalf of Lessee, (d) any incorrectness of any representations or warranties of Lessee contained in any Operative Document, or any failure of Lessee to perform or observe any covenant, agreement or other obligation to be performed or observed by Lessee, under the Lease or any Operative Document or (e) the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing.

7.2.2 Taxes Excluded from Indemnity. Lessee shall have no obligation to indemnify and hold harmless any Tax Indemnitee under Section 7.2 (or otherwise under the Operative Documents) with respect to Taxes described in any one or more of the following subsections; provided that subsections (a) and (e) below shall not apply in determining the additional amount necessary to make any payment on an After-Tax Basis:

(a) Taxes imposed by any government or taxing authority on, based on, measured by or with respect to capital, net worth, retained earnings, gross or net income or gross or net receipts or proceeds or that are doing business, franchise, minimum or withholding Taxes; provided that this subsection (a) shall not apply to (i) any such Taxes imposed by any government or taxing authority located outside the United States to the extent such Taxes would have been imposed had the sole connection between the Tax Indemnitee and such government or taxing authority been (A) the location, use, operation or presence of the Aircraft, the Airframe, any Engine or any Part in such jurisdiction, (B) the presence or activity of Lessee or any Permitted Sublessee or any Affiliate of either in such jurisdiction or (C) Lessee's (or another Person on its behalf) making a payment from or through such jurisdiction or (ii) any sales, use, goods and services, license, value added or property Taxes, or Taxes of a similar nature, imposed by any government or taxing authority;

(b) Taxes that would not have been imposed but for (i) any Lessor's Lien, (ii) the gross negligence or willful misconduct of any Tax Indemnitee (other than gross negligence or willful misconduct imputed as a matter of law to such Tax Indemnitee solely by reason of its interest in the Aircraft), (iii) the breach or inaccuracy of any representation, warranty or covenant of any Tax Indemnitee contained in any Operative Document (unless attributable to the breach by Lessee of any representation, warranty or covenant of Lessee contained in any Operative Document), or (iv) a failure of any Tax Indemnitee to comply with any certification, information, documentation, reporting or other similar requirement, if such compliance is necessary or appropriate to claim any relief from such Taxes for which such Tax Indemnitee was eligible, unless such failure is due to the failure of Lessee to comply with its obligations under Section 7.2.5 below;

(c) Taxes imposed on or with respect to a Transfer (voluntary or involuntary) (i) by a Tax Indemnitee of any interest in the Aircraft, the Airframe, any Engine, any Part, the Trust Estate, Rent or any interest arising under any Operative Document or (ii) of any interest (direct or indirect) in a Tax Indemnitee, in each case other than a Transfer pursuant to the Return Conditions or Section 8 or 10 of the Lease or pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(d) Taxes to the extent imposed with respect to any period commencing after the earlier of (i) the return of the Aircraft to Lessor pursuant to Section 5 of the Lease and (ii) the expiration or earlier termination of the Lease; provided that there shall not be excluded by this subsection (d) any Taxes to the extent (x) attributable to events occurring or matters arising prior to or simultaneously with the earlier of such times, (y) imposed with respect to any payment by Lessee under the Operative Documents after such date or (z) arising pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(e) Taxes imposed by any government or taxing authority to the extent such Taxes would not have been imposed but for a connection between any Tax Indemnitee or any Affiliate thereof and such government or taxing authority unrelated to the transactions contemplated by the Operative Documents;

(f) Taxes to the extent such Taxes would not have been imposed but for an amendment or waiver with respect to any Operative Document, unless such amendment or waiver is (i) requested in writing by Lessee or (ii) made as a result of the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(g) value added Taxes imposed in lieu of a net income Tax by the United States or any state or local government or taxing authority thereof or therein;

(h) Taxes resulting from a violation of ERISA or a “prohibited transaction” under Section 4975 of the Code;

(i) Taxes on, based on, measured by or with respect to any consideration payable for services rendered by Trust Company as owner trustee;

(j) Taxes that would not have been imposed but for any indebtedness, head lease, swap, hedge or other financing (other than the Lease) arrangements of any Tax Indemnitee relating to the Aircraft, the Airframe, any Engine, any Part, Rent or any Operative Document; provided that, for the avoidance of doubt, Taxes imposed on a Back-Leveraging Indemnified Person, if any, that has been added as a Tax Indemnitee in a consent and acknowledgement described in Section 8.3.2(b) shall not be treated as described in this clause (j) to the extent that such Taxes would have been imposed on another Tax Indemnitee and would have been subject to indemnification by Lessee under this Section 7 had there been no such indebtedness, head lease, swap, hedge or other financing (other than the Lease) arrangements;

(k) Taxes in excess of the Taxes that would have been imposed and indemnified against by Lessee hereunder had there not been a Transfer (voluntary or involuntary) (i) by a Tax Indemnitee of any interest in the Aircraft, the Airframe, any Engine, any Part, the Trust Estate, Rent or any interest arising under any Operative Document or (ii) of any interest (direct or indirect) in a Tax Indemnitee, in each case other than a Transfer pursuant to the Return Conditions or Section 8 or 10 of the Lease or pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(l) withholding Taxes imposed by the U.S. federal government that would not have been imposed but for a Tax Indemnitee or any Person holding a direct or indirect interest in the Tax Indemnitee being other than a “United States person” within the meaning of Section 7701(a)(30) of the Code; or

(m) Taxes payable by Owner Participant under Section 6.4.11 of this Agreement.

7.2.3 Payment. Lessee shall pay any Tax for which it is liable pursuant to this Section 7.2 directly to the appropriate taxing authority, if allowable, or, if not so allowable, directly to the relevant Tax Indemnitee. Any amount payable directly to any Tax Indemnitee pursuant to this Section 7.2 shall be paid to such Tax Indemnitee on or prior to the later of (a) 30 days after receipt by Lessee of a written demand therefor from such Tax Indemnitee accompanied by a written statement describing in reasonable detail the Taxes that are the subject

of such indemnity and the computation of the amount so payable, (b) one Business Day prior to the due date for the payment of such Taxes (including all extensions) or (c) in the case of amounts that are being contested in accordance with Section 7.2.4, the time such contest (including all appeals, if any) is finally resolved; provided that Lessee shall pay any amounts due pursuant to Section 7.2.4 at the time or times required by such Section. If requested by a Tax Indemnitee in writing, Lessee shall furnish to such Tax Indemnitee the original or a certified copy of a receipt (if any is reasonably available to Lessee) for Lessee's payment of any Tax directly to a taxing authority pursuant to this Section 7.2 or such other evidence of such payment by Lessee as is reasonably acceptable to such Tax Indemnitee and reasonably available to Lessee. If, for any reason, Lessee makes any payment with respect to any Taxes of any Tax Indemnitee that are not the responsibility of Lessee with respect to such Tax Indemnitee under this Section 7, such Tax Indemnitee shall pay to Lessee, within 30 days of Lessee's demand therefor, an amount equal to the amount paid by Lessee with respect to such Taxes.

7.2.4 Contests; Refunds.

If a written claim is made against any Tax Indemnitee for any Tax for which Lessee may be obligated pursuant to this Section 7.2, such Tax Indemnitee shall promptly notify Lessee in writing of such claim. If requested by Lessee in writing, Lessee shall, subject to the conditions set forth in the next paragraph, be entitled at its sole expense to contest such Tax in the name of the relevant Tax Indemnitee or of Lessee through appropriate administrative and judicial proceedings (including pursuing all judicial appeals); provided that (a) no Event of Default under Section 14(a), (b), (f), (g), (h) or (i) of the Lease shall have occurred and be continuing, (b) if such contest shall be conducted in a manner requiring the payment of the Tax, Lessee shall advance to or for the benefit of such Tax Indemnitee (on an interest-free basis) the amount of such payment and shall agree to indemnify such Tax Indemnitee against any adverse tax consequences to such Tax Indemnitee resulting from such interest-free loan and (c) the action to be taken will not result in any material danger of forfeiture, sale or loss of the Aircraft, the Airframe or any Engine (unless Lessee shall have provided to Owner Trustee a bond or other sufficient protection against such risk reasonably acceptable to Owner Trustee) or any material risk of the imposition of criminal penalties. In any contest under this Section 7.2.4 conducted by Lessee, Lessee shall determine the forum and manner in which such contest shall be conducted and, upon the written request of the relevant Tax Indemnitee, shall advise such Tax Indemnitee of the status of such contest, and each Tax Indemnitee shall take reasonable steps to cooperate with Lessee, at Lessee's request and expense, in connection with such contest.

Lessee shall not be permitted to conduct such a contest in its name or in the name of the relevant Tax Indemnitee (and instead a Tax Indemnitee, at Lessee's request, shall contest in its own name as provided in the next paragraph) if (x) an Event of Default under Section 14(a), (b), (f), (g), (h) or (i) of the Lease shall have occurred and be continuing or (y) such contest involves issues for which Lessee is not obligated under this Section 7.2 that can not be severed by reasonable efforts of the Tax Indemnitee from all issues for which Lessee might be so obligated.

If requested by Lessee in writing, and if Lessee is not itself contesting a claim under this Section 7.2.4, the relevant Tax Indemnitee shall contest, diligently and in good faith, in the name of such Tax Indemnitee the validity, applicability and amount of the relevant Tax by (I) resisting payment thereof, (II) not paying the same except under protest, if protest be necessary or proper,

or (III) if payment be made, using reasonable efforts to promptly obtain a refund thereof in appropriate administrative and judicial proceedings; provided that (1) Lessee shall have agreed to pay such Tax Indemnitee on demand all reasonable out-of-pocket costs and expenses which such Tax Indemnitee may incur in connection with contesting such claim, including, without limitation, all reasonable legal, accountants' and investigatory fees and disbursements, (2) if such contest shall be conducted in a manner requiring the payment of the Tax, Lessee shall advance to such Tax Indemnitee (on an interest-free basis) the amount of such payment and shall agree to indemnify such Tax Indemnitee against any adverse tax consequences to such Tax Indemnitee resulting from such interest-free loan, (3) the action to be taken will not result in any material danger of forfeiture, sale or loss of the Aircraft, the Airframe or any Engine or Part (unless Lessee shall have provided to Owner Trustee a bond or other sufficient protection against such risk reasonably acceptable to Owner Trustee) and (4) if an Event of Default shall have occurred and be continuing, Lessee shall have provided security for its related tax indemnity obligation reasonably acceptable to such Tax Indemnitee. In any contest under this Section 7.2.4 conducted by a Tax Indemnitee, such Tax Indemnitee shall determine the forum for such contest and the manner in which it shall be conducted; provided that such Tax Indemnitee shall consult in good faith with Lessee and its counsel, and provide to Lessee and its counsel any communications to or from the relevant taxing authority or administrative or judicial body, with respect to the issues for which Lessee may be obligated under this Section 7.2.

If a refund (whether in cash or in any other form) shall be obtained by or for any Tax Indemnitee of all or part of any Tax paid by Lessee or for which Lessee shall have made an advance to, or reimbursed, such Tax Indemnitee, such Tax Indemnitee shall promptly pay Lessee an amount equal to the amount of such refund (which shall reduce the amount of any interest-free loan previously made by Lessee under this Section 7.2.4), together with any interest received on such refund attributable to such Tax that is properly attributable to the period subsequent to such payment or reimbursement by Lessee, reduced by any Taxes payable by such Tax Indemnitee as a result of the receipt or accrual of such refund and interest, and increased by any Tax benefit realized by such Tax Indemnitee as a result of any payment by such Tax Indemnitee pursuant to this sentence; provided that the subsequent loss of a refund for which payment has been made to Lessee under this paragraph shall be treated as an indemnifiable Tax hereunder without regard to the exclusions set forth in Section 7.2.2.

If, without the consent of Lessee, a Tax Indemnitee elects not to, or fails to, contest or cooperate in the contest of any Tax as required in accordance with this Section 7.2.4, or elects to settle, compromise or otherwise terminate any such contest, such election or failure shall constitute a waiver by each Tax Indemnitee of any right to any amount that might otherwise be payable by Lessee pursuant to this Section 7.2 with respect to such Tax (and any other Tax for which a successful contest is materially adversely affected because of such election or failure), other than any expenses of the contest, and, if Lessee has theretofore provided such Tax Indemnitee with an interest-free loan to pay such amount, such Tax Indemnitee shall promptly repay an amount which, after subtraction of any further net savings of Taxes actually realized by such Tax Indemnitee as a result of such repayment, shall be equal to the amount of such interest-free loan, together with interest on the amount of such loan from the date such loan was made to the date of repayment pursuant to this sentence at the rate that would have been paid by the relevant taxing authority had such contest resulted in a refund.

7.2.5 Reports and Returns; Information; Forms. If any report or return is required to be filed with respect to a Tax subject to indemnification by Lessee under this Section 7.2, Lessee shall timely file such report or return in its own name if it is permitted by applicable law to do so (unless Lessee has been notified by the relevant Tax Indemnitee that such Tax Indemnitee intends to file such report or return), showing ownership of the Aircraft in Owner Trustee. If requested by the relevant Tax Indemnitee, Lessee shall send a copy of such report or return to such Tax Indemnitee. If Lessee is not permitted by applicable Law to file any such report or return in its own name, or has insufficient information to do so, Lessee shall, upon obtaining actual knowledge of such requirement, promptly notify the relevant Tax Indemnitee of such requirement and, to the extent it is able to do so, prepare and deliver to such Tax Indemnitee a proposed form of such report or return. Lessee shall furnish to each Tax Indemnitee, and each Tax Indemnitee shall furnish to Lessee, upon the written request of such Tax Indemnitee or Lessee, as the case may be, such data in its possession or otherwise reasonably available to it as may be reasonably requested to enable Lessee or such Tax Indemnitee, as the case may be, as is reasonably necessary to file any such returns or reports and to otherwise comply with the requirements of any taxing authority with respect to the transactions contemplated by the Lease.

Each Tax Indemnitee agrees to furnish from time to time to or as directed by Lessee, upon Lessee's written request and at Lessee's expense, such duly executed and properly completed forms, statements or certificates as may be necessary or appropriate in order to claim any available reduction of any Tax for which Lessee may be obligated under this Section 7.2 or to comply with the requirements of any taxing authority with respect to the transactions contemplated by the Lease; provided that Lessee shall have furnished such Tax Indemnitee with any information necessary to complete such form, statement or certificate that is not otherwise reasonably available to such Tax Indemnitee. If any form, statement or certificate provided by Owner Participant or another Tax Indemnitee to Lessee pursuant to any Operative Document becomes obsolete or incorrect, such Person shall promptly notify Lessee.

7.3 Survival; Other.

7.3.1 Survival. The indemnities and other obligations of Lessee (subject to Sections 7.1.2(a) and 7.2.2(d)), and the obligations of each Indemnified Person and Tax Indemnitee, under Sections 7.1, 7.2 and 7.3 shall survive the expiration or other termination of the Operative Documents.

7.3.2 Tax Savings. If, by reason of any Claims or Taxes paid or indemnified against by Lessee pursuant to Section 7.1 or 7.2, any Indemnified Person or Tax Indemnitee at any time realizes a net reduction in any Taxes not indemnified against by Lessee and not taken into account previously in computing the amount of any indemnity payable by Lessee under Section 7.1 or 7.2, such Indemnified Person or Tax Indemnitee shall promptly pay to Lessee an amount that, after subtraction of any further Tax savings such Indemnified Person or Tax Indemnitee realizes as a result of the payment thereof, is equal to the amount of such net Tax reduction; provided that any subsequent loss of a Tax benefit for which a payment has been made to Lessee under this Section 7.3.2 (or which was taken into account previously in computing an amount payable by Lessee under Section 7.2) shall be treated as an indemnifiable Tax hereunder without regard to the exclusions set forth in Section 7.2.2. Each Indemnified Person and each Tax Indemnitee shall in good faith use diligence in filing tax returns and in dealing with taxing authorities to seek and claim any Tax benefit that would result in such a reduction in Taxes and to minimize the Taxes indemnifiable by Lessee hereunder.

7.3.3 Non-Parties. If an Indemnified Person or Tax Indemnitee is not a party to this Agreement, Lessee may require such Indemnified Person or Tax Indemnitee to agree in writing, in a form reasonably acceptable to Lessee, to the terms of Section 7.1 or 7.2, as the case may be, and this Section 7.3, prior to making any payments to such Indemnified Person or Tax Indemnitee under Section 7.1 or 7.2, as the case may be.

7.3.4 Application of Payments During Event of Default. If, at the time an amount would otherwise be payable to Lessee under Section 7.1, 7.2 or 7.3.2, an Event of Default shall have occurred and be continuing, such amount shall be held by the relevant Indemnified Person or Tax Indemnitee as security for the obligations of Lessee under the Operative Documents. At such time as no Event of Default is continuing, such amount shall be paid to Lessee.

7.3.5 Verification. At the request of Lessee, any computation by an Indemnified Person or a Tax Indemnitee of any amount payable by or to Lessee pursuant to Section 7.1, 7.2 or 7.3.2 shall be verified and certified by a nationally recognized firm of independent accountants selected by the Indemnified Person or Tax Indemnitee, as the case may be, and reasonably acceptable to Lessee. In the event such accounting firm shall determine that the computation of any such amount is incorrect, it shall determine what it believes to be the correct amount, and, absent *prima facie* error, such determination shall be binding upon the parties. Such Indemnified Person or Tax Indemnitee, as the case may be, shall cooperate with such accounting firm and provide it with such information as is reasonably necessary for such verification and certification; provided that such accounting firm shall have entered into a confidentiality agreement reasonably satisfactory to such Indemnified Person or Tax Indemnitee. If Lessee or such Indemnified Person or Tax Indemnitee, as the case may be, has paid any amount under Section 7.1, 7.2 or 7.3.2 prior to such accounting firm's completion of its review, appropriate adjustments will be made promptly after such completion to take into account the determination by such firm. The costs of any such verification and certification shall be borne by Lessee unless such accounting firm determines that any amount payable (a) by Lessee to such Indemnified Person or Tax Indemnitee, as the case may be, is less than 95% of the amount determined by such Indemnified Person or Tax Indemnitee to be so payable or (b) by such Indemnified Person or Tax Indemnitee, as the case may be, to Lessee is greater than the amount determined by such Indemnified Person or Tax Indemnitee to be so payable by at least 5%, in either of which cases the cost of such verification and certification shall be paid by such Indemnified Person or Tax Indemnitee. Notwithstanding anything to the contrary in the foregoing or elsewhere in the Operative Documents, neither Lessee, nor any other Person (other than the independent accountants referred to above), shall have any right to inspect an Indemnified Person's or a Tax Indemnitee's Tax returns, books or records.

7.3.6 Withholding Agent. Owner Trustee hereby agrees to act as the U.S. federal withholding Tax agent in respect of Rent and all other amounts payable to it, or distributable by it for or on account of Owner Participant under the Operative Documents, and to be responsible for preparing and filing IRS Forms 1042 and 1042-S (or any similar or successor forms), as well as any other governmental filings and information requirements in connection therewith, and making deposits of U.S. federal withholding Taxes (if any), in accordance with U.S. federal Tax Laws.

7.4 Expenses. Except as otherwise provided in this Section 7.4, each of Lessee and Owner Participant will be responsible for its own costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of the Operative Documents. Lessee agrees promptly to pay (a) all the reasonable out-of-pocket costs and expenses incurred by Trust Company in connection with the negotiation, preparation, execution and delivery of the Operative Documents (including, without limitation, the reasonable fees, expenses and disbursements of [Ray, Quinney & Nebeker P.C.,] special counsel for Trust Company); and (b) the reasonable fees, expenses and disbursements of Aviation Counsel in connection with the negotiation, preparation, execution and delivery of the Operative Documents. Lessee also agrees to pay all costs and expenses imposed by the FAA, the International Registry and the State of Delaware in connection with the registrations and filings described in Section 5.1.7. Lessee agrees to pay the initial and on-going fees of Trust Company in connection with the transactions contemplated hereby during the Term of the Lease.

Section 8. Assignment or Transfer of Interests.

8.1 Owner Trustee. Except as expressly provided in the Operative Documents, Owner Trustee shall not, directly or indirectly, Transfer any of its right, title or interest in and to the Aircraft, any of the Operative Documents, the Trust Estate or any proceeds therefrom without the prior written consent of Lessee; provided that such consent shall not be required for a Transfer pursuant to the exercise of remedies by Owner Trustee under and in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing, [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(i) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(ii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(iv) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(v) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(vi) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(vii) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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8.2 Owner Participant.

(a) Owner Participant Transfer Requirements. Owner Participant shall not directly or indirectly Transfer any of its right, title or interest in and to all or any part of this Agreement, any of the other Operative Documents or the Trust Estate, except that Owner Participant may Transfer all (but not less than all) of its right, title and interest therein to a single bank, lending institution, leasing company, other financial institution, corporation, limited partnership, statutory trust, limited liability company or special purpose entity if, as preconditions to such Transfer:

(i) (A) the Person to whom such Transfer is made (the “**Transferee**”) either is a Citizen of the United States or qualifies as a Citizen of the United States through a voting trust agreement, voting powers agreement or similar arrangement (including, without limitation, provisions delegating certain control rights to the Owner Trustee) by the Transferee or any Affiliate thereof, but in each case without reliance on any rule that would restrict in any way the use and operation of the Aircraft, and has the requisite power, authority and legal right to enter into and carry out the transactions contemplated by the Operative Documents; (B) unless Lessee consents, the Transferee is not an airline or other commercial operator of aircraft, freight forwarder, or any other company directly or indirectly engaged in the business of passenger, cargo, freight or parcel transportation or any Affiliate of any thereof; (C)(1) the Transfer does not violate the Transportation Code, the Securities Act or any other Law (including, without limitation, ERISA, any laws or regulations imposing U.S. economic sanctions measures or any orders or licenses issued thereunder), or create a relationship that would be in violation thereof, (2) the Transfer does not result in a “prohibited transaction” under Section 4975 of the Code, (3) the Transfer does not adversely affect the registration of the Aircraft in the name of Owner Trustee with the FAA (or the aeronautical authority of the

country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States), (4) the Transfer will not subject Lessee to any additional regulation under, or require Lessee to give any notice to, register with, make any filings with or take any other action in respect of, any governmental authority or agency of any jurisdiction, (5) the Transfer does not require registration under the Securities Act or any foreign securities laws, require qualification of an indenture under the Trust Indenture Act, or require Lessee to sign any registration statement, (6) unless Lessee consents, the Transfer does not involve a Rule 144A, Regulation S or other capital markets or equity syndication transaction not described in the immediately preceding clause (5), and (7) the Transfer does not result in, or involve, incurrence by Lessee of any indebtedness for accounting purposes (it being understood that, if any change in the lease accounting standards applicable to Lessee requires that Lessee, independently of the Transfer, capitalize its leases, including the Lease, in Lessee's books, such capitalization of the Lease is not intended to constitute, and shall not be construed as, incurrence by Lessee of any indebtedness for accounting purposes within the meaning of this clause (7)); (D) Owner Participant and the Transferee shall have entered into an agreement in the form attached hereto as Exhibit E (the "**Assumption Agreement**") or in such other form as shall be acceptable to Lessee; (E) Owner Participant shall have delivered to Owner Trustee and Lessee an opinion or opinions of counsel (which shall either be the in-house counsel of the Transferee or other counsel reasonably satisfactory to Lessee) to the effect that the Assumption Agreement has been duly authorized, executed and delivered by the Transferee and is enforceable against the Transferee in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally or by general principles of equity and to the effect that (subject to customary exceptions, qualifications and exclusions) such Transfer complies with clause (A) (except as to citizenship) and clause (C) (with respect to the Transportation Code and the Securities Act and no violation of Law) above (provided that, in determining observance with all factual matters contained in this Section, such counsel may rely on representations of the Transferee); and (F) the Transferee shall have provided to each of Lessee and Owner Trustee a duly completed and executed original IRS Form W-9 (and/or other applicable IRS Form(s)) establishing a complete exemption from U.S. federal withholding taxes with respect to all payments of Rent or other amounts to or for the benefit of Owner Trustee or Owner Participant under the Operative Documents; and

(ii) except with the consent of Lessee, either [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] (IV) is otherwise approved in writing by Lessee, such approval not to be unreasonably withheld or delayed (any Transferee meeting any of the requirements of (I), (II), (III) or (IV) above being hereinafter referred to as a "**Qualifying Institution**"), or (B) if the Transferee is not itself a Qualifying Institution, a parent corporation of the Transferee which qualifies as a Qualifying Institution shall have executed and delivered to Owner Trustee and Lessee an absolute and unconditional guaranty, substantially in the form of Exhibit G or otherwise in form and substance reasonably satisfactory to Lessee ([the guaranty by

[Name of initial Owner Participant Guarantor] or any other⁷] [any] such guaranty, an “**Owner Participant Guarantee**”) and [Name of initial Owner Participant Guarantor or] such parent the “**Owner Participant Guarantor**”), with respect to the obligations undertaken by the Transferee under the Assumption Agreement referred to above, together with an opinion of counsel (which may be the in-house counsel of the Qualifying Institution providing such guaranty or other counsel reasonably satisfactory to Lessee) to the effect that such guaranty is enforceable against the guarantor in accordance with its terms. The Transferee shall, at the time of Transfer, deliver to Owner Trustee and Lessee a certificate of a duly authorized officer of the Transferee or its guarantor evidencing satisfaction of the requirements of (I), (II) or (III), as applicable, set forth in this clause (ii).

It shall be a further condition to any such Transfer, and the parties hereby agree, that: (x) as determined at the time of such Transfer, none of Lessee’s obligations, responsibilities, liabilities, costs and risks in the use and operation of the Aircraft or under, relating to or in respect of the Operative Documents or otherwise, including, without limitation, under or in respect of any of Lessee’s payment or indemnity obligations, shall be increased or altered, and none of Lessee’s rights and benefits under any Operative Document shall be diminished, as a result of or in connection with such Transfer or any aspect thereof or any other transaction relating thereto (it being acknowledged that an increase in the number of Indemnified Persons or Tax Indemnitees shall not, of itself, constitute an increase in Lessee’s obligations under the Operative Documents); and (y) Lessee shall have no obligation, responsibility or liability of any kind under, relating to or in respect of such Transfer or any aspect thereof or any other transaction relating thereto, except acknowledging acceptance of the Assumption Agreement.

The transferor Owner Participant will pay or cause the Transferee to pay any fees, costs, charges and expenses incurred by Owner Trustee, Trust Company, Lessee or any other party in connection with any such Transfer (including, without limitation the reasonable out-of-pocket expenses of Lessee and its legal fees and expenses) whether or not such Transfer is consummated, and in no case will Lessee be responsible for (and Owner Participant will hold Lessee harmless from) any such fees, charges or expenses or for any fees, charges or expenses incurred by any party to a Back-Leveraging Transaction in connection with such Transfer.

⁷ Insert if applicable.

(b) Effect of Transfer. Upon any such Transfer by Owner Participant to a Transferee permitted by this Section 8.2, the Transferee shall be deemed the "Owner Participant" for all purposes hereof (unless the context is inappropriate) and each reference herein or in any other Operative Document to "Owner Participant" shall thereafter be deemed a reference to the Transferee as Owner Participant (unless the context is inappropriate). Upon any such Transfer by Owner Participant to a Transferee permitted by this Section 8.2, the transferor Owner Participant shall be relieved of all of its duties, liabilities and obligations hereunder and under the Trust Agreement that have been expressly assumed by such Transferee; provided that in no event will any such Transfer release the transferor Owner Participant from any duty, liability or obligation (i) arising or relating to any event occurring prior to the effective time of such Transfer, (ii) on account of any breach by the transferor Owner Participant of any of its representations, warranties, covenants or obligations contained herein or in any other Operative Document or any Assumption Agreement, or for any fraudulent or willful misconduct engaged in by the transferor Owner Participant, (iii) that relates to any indemnity claimed by the transferor Owner Participant or (iv) relating to or arising out of any Lessor's Lien attributable to the transferor Owner Participant. If Owner Participant proposes to Transfer its interests pursuant to this Section 8.2, it shall give at least 10 days prior written notice thereof to Owner Trustee and Lessee, specifying the name and address of the Transferee and the facts necessary to determine whether the conditions of this Section 8.2 have been or will be satisfied.

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Section 9. Change of Citizenship.

9.1 Generally. Without prejudice to the representations, warranties or covenants regarding the status of any party hereto as a Citizen of the United States, each of Owner Participant, Owner Trustee and Trust Company agrees that, during the Term, in the event its status is to change or has changed as a Citizen of the United States or it makes public disclosure of circumstances as a result of which it believes that such status is likely to change, it will notify all the other parties to this Agreement of (a) such change in status promptly after obtaining actual knowledge thereof or (b) such belief as soon as practicable after such public disclosure but in any event within 10 Business Days after such public disclosure.

9.2 Owner Participant. Owner Participant covenants that if, at any time during the Term when the Aircraft is registered in the United States, Owner Participant is not or ceases to be a Citizen of the United States and the Aircraft would thereupon become ineligible for registration in the name of Owner Trustee under the Transportation Code as in effect at such time and the regulations then applicable thereunder (without regard to any “based and primarily used” provision, or other provision that in any way could restrict the use and operation of the Aircraft by Lessee but with regard to voting trust provisions and provisions delegating certain control rights to the Owner Trustee), then Owner Participant at its own expense shall promptly (and, in any event, within a period of 30 days) either transfer, pursuant to Article VIII of the Trust Agreement and Section 8.2 hereof, its right, title and interest in and to the Trust Agreement, the Trust Estate and this Agreement, or take such other action, as may be necessary to prevent any deregistration of the Aircraft or to make possible its registration in the United States (without regard to any “based and primarily used” provision, or other provision that in any way could restrict the use and operation of the Aircraft by Lessee but with regard to voting trust provisions and provisions delegating certain control rights to the Owner Trustee), as the case may be. Each party hereto agrees to take such steps, at Owner Participant’s expense, as Owner Participant shall reasonably request in order to assist Owner Participant in complying with its obligations under this Section 9.2. Owner Participant agrees to indemnify and hold harmless the other parties hereto for any and all losses, liabilities, costs and expenses incurred by such parties arising from the failure of the Aircraft to be eligible for registration in the name of Owner Trustee attributable to Owner Participant’s failure to be a Citizen of the United States at any time during the Term.

9.3 Owner Trustee. Trust Company covenants that, if at any time when the Aircraft is registered in the United States Trust Company is not or ceases to be a Citizen of the United States and the Aircraft would thereupon become ineligible for registration in the name of Owner Trustee under the Transportation Code as in effect at such time and the regulations then applicable thereunder (without regard to any “based and primarily used” provision, or other provision that in any way could restrict the use and operation of the Aircraft by Lessee), Trust Company shall resign immediately as Owner Trustee in accordance with Section 9.01 of the Trust Agreement. Trust Company agrees to indemnify and hold harmless the other parties hereto for any and all losses, liabilities, costs and expenses incurred by such parties arising from Trust Company’s failure to be a Citizen of the United States at any time during the Term.

Section 10. Miscellaneous.

10.1 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents or waivers required or permitted under the terms and provisions of this Agreement shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, postage prepaid, overnight courier service or facsimile, and any such notice shall be effective when received (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) and addressed as follows:

(a) if to Lessee:

American Airlines, Inc.
4333 Amon Carter Boulevard, MD 5662
Fort Worth, Texas 76155
Attention: Treasurer
Facsimile: 817.967.4318
Telephone: 817.963.1234

(b) if to Owner Participant:

[Name of Owner Participant]
[Address of Owner Participant]
Attention:
Facsimile:
Telephone:

(c) if to Owner Trustee:

Wells Fargo Bank Northwest, National Association
MAC: U1228-120
299 South Main Street, 12th Floor
Salt Lake City, UT 84111
Attention: Corporate Trust Services
Facsimile: 801.246.5053
Telephone: 801.246.2755

With a copy to the Owner Participant.

Any party, by notice to the other parties hereto, may designate different addresses for subsequent notices or communications. Whenever the words “notice” or “notify” or similar words are used herein, they mean the provision of formal notice as set forth in this Section 10.1.

10.2 Late Payments; Business Days; Currency. In the event that any amounts required to be paid hereunder are not paid when due, such amounts shall bear interest, to the extent permitted by applicable law, from the due date thereof to, but not including, the date such amount is paid, at the Overdue Rate. If any amount required to be paid hereunder is due on a day that is not a Business Day, such amount shall be paid on the next succeeding Business Day with the same force and effect as if paid on the scheduled date of payment, and no interest shall accrue on the amount of such payment from and after such scheduled date to the time of payment on such next succeeding Business Day. All payment obligations by the parties hereto under the Operative Documents shall be payable in U.S. Dollars.

10.3 Concerning Owner Trustee. Wells Fargo Bank Northwest, National Association is entering into the Operative Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity (except as expressly provided in the Operative Documents), and in no case shall Wells Fargo Bank Northwest, National Association (or any entity acting as successor Owner Trustee under the Trust Agreement) be personally liable for or

on account of any of the statements, representations, warranties, covenants or obligations stated to be those of Lessor or Owner Trustee under the Operative Documents; provided, however, that Wells Fargo Bank Northwest, National Association (or any successor Owner Trustee) shall be personally liable under the Operative Documents for its own gross negligence, its own simple negligence in the handling of funds actually received by it in accordance with the terms of the Operative Documents, its willful misconduct and its breach of its covenants, representations and warranties in the Operative Documents, to the extent covenanted or made in its individual capacity or as otherwise expressly provided in the Operative Documents; provided, further, that nothing contained in this Section 10.3 shall be construed to limit the exercise and enforcement in accordance with the terms of the Operative Documents of rights and remedies against the Trust Estate.

10.4 Confidential Information. All Confidential Information shall be held confidential by each of Owner Trustee, Trust Company and Owner Participant and shall not, without the prior written consent of Lessee, be furnished or disclosed to anyone other than (a) such party's bank examiners, auditors, accountants, agents and legal counsel, each with an absolute need to know such information; (b) any Person with whom such party is in good faith conducting negotiations relating to the possible Back-Leveraging Transaction or permitted transfer, sale or other disposition of its rights and obligations under this Agreement, the Lease and the other Operative Documents, if such Person shall have entered into an agreement for the express benefit of Lessee to hold such Confidential Information confidential in accordance with the provisions of this Section 10.4; (c) except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any governmental authority; and (d) except to the extent such Confidential Information becomes publicly available or becomes available on a non-confidential basis from a source other than any party to the Operative Documents or any Affiliate thereof. Notwithstanding anything to the contrary in the Operative Documents, except as reasonably necessary to comply with applicable securities law, the parties to the Operative Documents (and their respective employees, representatives and agents) may disclose to any and all persons, without limitation of any kind, the United States federal or state income tax treatment and tax structure of the transaction contemplated thereby and all materials of any kind provided to them relating to such tax treatment and tax structure. For this purpose, "tax structure" means any facts relevant to the United States federal or state income tax treatment of such transaction, but (unless otherwise required by applicable Law) does not include information relating to the identity of the parties. The obligations set forth in this Section 10.4 shall survive any termination or rescission of this Agreement or other Operative Documents, as the case may be.

10.5 Further Assurances. Each party hereto shall execute, acknowledge and deliver or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, including, without limitation, making or consenting to registrations on the International Registry with respect to the Lease contemplated by Section 2 and appointing Aviation Counsel as its "professional user entity" (as defined in the Cape Town Treaty) to make or consent to any registrations or discharges on the International Registry with respect to the Airframe or any Engine, in any case, as any other party hereto shall reasonably request in connection with the administration of, or to carry out more effectively the purposes of, or to better assure and confirm into such other party the rights and benefits to be provided under this Agreement; provided that this sentence is not intended to impose upon Lessee any additional liabilities not contemplated by this Agreement.

10.6 Third Party Beneficiary. Except for Indemnified Persons and Tax Indemnitees not a party hereto (each of which shall be deemed to be express third party beneficiaries with respect to the provisions of Section 7.1 or 7.2, as the case may be, subject to Section 7.3.3), this Agreement is not intended to, and shall not, provide any Person not a party hereto with any rights of any nature whatsoever against any of the parties hereto and no Person not a party hereto shall have any right, power or privilege in respect of any party hereto, or have any benefit or interest, arising out of this Agreement.

10.7 Miscellaneous.

10.7.1 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

10.7.2 Amendments. No term or provision of this Agreement may be amended, modified or supplemented orally, but only by an instrument in writing signed by the party against which the enforcement of the amendment, modification or supplement is sought.

10.7.3 Prior Agreements. This Agreement and the other Operative Documents, and all certificates, instruments and other documents relating thereto delivered and to be delivered from time to time pursuant to the Operative Documents, supersede any and all representations, warranties and agreements (other than any Operative Document) prior to the date of this Agreement, written or oral, between or among any of the parties hereto relating to the transactions contemplated hereby and thereby.

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

10.7.5 Binding Agreement. This Agreement shall be binding upon and inure to the benefit of, Owner Participant and, subject to the provisions of Section 8.2, its successors and permitted assigns, Owner Trustee and its successors as Owner Trustee under the Trust Agreement, Trust Company and its successors and permitted assigns, and Lessee and, subject to the terms of Section 6.1.3, its successors and permitted assigns.

10.7.6 No Waiver. No failure on the part of Owner Participant, Owner Trustee, Trust Company or Lessee to exercise, and no delay in exercising, any right, power or privilege under this Agreement or any other Operative Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder and thereunder. Except as may be expressly limited herein or by any other Operative Document, the remedies herein provided are cumulative and not exclusive of any remedies provided by Law.

10.7.7 Governing Law; Jurisdiction. THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK. In relation to any legal action or proceeding arising out of or in connection with this Agreement or any other Operative Document, each of Owner Participant, Trust Company, Owner Trustee and Lessee (a) irrevocably submits to the nonexclusive jurisdiction of each of the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York, and other courts with jurisdiction to hear appeals from such courts, and (b) to the maximum extent permitted by applicable Law, waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such action or proceeding, that the action or proceeding is brought in an inconvenient forum, that the venue of the action or proceeding is improper or that this Agreement or any other Operative Document or the subject matter hereof or thereof or any of the transactions contemplated hereby or thereby may not be enforced in or by such courts. [Owner Participant irrevocably designates and appoints [name of process agent] as process agent to receive for it and on its behalf service of process in any proceedings arising hereunder or under any other Operative Document to which it is a party. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.]⁸

10.7.8 Section 1110. It is the intention of the parties hereto that the Lease, to the fullest extent available under applicable law, entitles Lessor to the benefits of Section 1110 with respect to the Aircraft. In the furtherance of the forgoing, the parties hereby confirm that the Lease is to be treated as a lease for U.S. federal income tax purposes. Nothing contained in this paragraph shall be construed to limit Lessee's use and operation of the Aircraft under the Lease or constitute a representation or warranty by any party as to tax consequences.

10.7.9 Waiver of Immunity. To the extent that Owner Participant or any of its properties has or may hereafter acquire any right of immunity, whether characterized as sovereign immunity or otherwise, and whether under the United States Foreign Sovereign Immunities Act of 1976 (or any successor legislation) or otherwise, from any legal proceedings, whether in the United States or elsewhere, to enforce or collect upon any Operative Documents to which it is a party, including, without limitation, immunity from suit or service of process, immunity from jurisdiction or judgment of any court or tribunal or execution of a judgment, or immunity of any of its property from attachment prior to any entry of judgment, or from attachment in aid of execution upon a judgment, Owner Participant hereby irrevocably and expressly waives any such immunity, and agrees not to assert any such right or claim in any such proceeding, whether in the United States or elsewhere.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

⁸ Include only if there is a foreign Owner Participant.

IN WITNESS WHEREOF, the parties hereto have caused this Participation Agreement to be duly executed as of the day and year first above written.

AMERICAN AIRLINES, INC.

By:
Name:
Title:

[NAME OF OWNER PARTICIPANT]

By:
Name:
Title:

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity (except as expressly provided herein) but solely as Owner Trustee

By:
Name:
Title:

EXHIBIT A

FORM OF OPINION OF [ASSOCIATE] GENERAL COUNSEL FOR LESSEE

[Letterhead of American Airlines, Inc.]

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EXHIBIT A

FORM OF OPINION OF [ASSOCIATE] GENERAL COUNSEL FOR LESSEE

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EXHIBIT A
Page 6

EXHIBIT B

FORM OF OPINION OF SPECIAL COUNSEL FOR OWNER TRUSTEE

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FORM OF OPINION OF SPECIAL COUNSEL FOR OWNER TRUSTEE

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FORM OF OPINION OF AVIATION COUNSEL

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FORM OF OPINION OF AVIATION COUNSEL

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EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ([YEAR] MSN [MSN]), dated as of [] (as amended, modified or supplemented from time to time, this “**Agreement**”), among (i) [NAME OF ASSIGNOR], a [jurisdiction] [type of entity] (together with its successors and permitted assigns, “**Assignor**”), (ii) [NAME OF ASSIGNEE], a [jurisdiction] [type of entity] (together with its successors and permitted assigns, “**Assignee**”) and (iii) **AMERICAN AIRLINES, INC.**, a Delaware corporation (together with its successors and permitted assigns, “**Lessee**”).

RECITALS:

1. Reference is made to one Airbus [Model] aircraft bearing the manufacturer’s serial number [MSN] and U.S. Registration No. [Reg. No.] (as more fully described in the Participation Agreement referred to below, the “**Aircraft**”).
2. Assignor and Assignee desire to effect (a) the transfer by Assignor to Assignee of all of the right, title and interest of Assignor (except as reserved below) in and to (i) the Operative Documents, (ii) the Trust Estate and (iii) the proceeds from any of the foregoing and (b) the assumption by Assignee of the obligations of Assignor accruing under the Operative Documents (such transfer and assumption, the “**Assignment and Assumption**”).
3. The Participation Agreement ([YEAR] MSN [MSN]), dated as of [], among Lessee, Assignor, as Owner Participant, and Wells Fargo Bank Northwest, National Association, a national banking association, not in its individual capacity except as expressly provided therein, but solely as Owner Trustee (as amended, modified or supplemented from time to time, the “**Participation Agreement**”) permits such Assignment and Assumption upon satisfaction of certain conditions heretofore or concurrently herewith being complied with.

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

1. Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth, and shall be construed and interpreted in the manner described, in the Participation Agreement.

2. Conditions to Effectiveness; Effective Time.

(a) Prior to the Effective Time or, in the case of subclause [(v)].[(vi)].[(vii)], at the Effective Time:

(i) Assignor or Assignee shall have paid or reimbursed Owner Trustee, Trust Company, Lessee or any other party for any fees, charges or expenses incurred by Owner Trustee, Trust Company, Lessee or any such party in connection with the Assignment and Assumption (including, without limitation the reasonable out-of-pocket expenses of Lessee and its legal fees and expenses);

EXHIBIT E

Page 1

(ii) Assignee shall have provided to each of Lessee and Owner Trustee a duly completed and executed original IRS Form []⁹ establishing a complete exemption from U.S. federal withholding Taxes with respect to all payments of Rent or other amounts to or for the benefit of Owner Trustee or Owner Participant under the Operative Documents;

(iii) Assignee shall have delivered to each of Lessee and Owner Trustee a legal opinion of [] in accordance with Section 8.2(a) of the Participation Agreement;

(iv) Assignee shall have delivered to each of Lessee and Owner Trustee a certificate of a duly authorized officer of [Assignee/Owner Participant Guarantor] in accordance with Section 8.2(a) of the Participation Agreement;

(v) [Owner Participant Guarantor shall have delivered to each of Lessee and Owner Trustee [describe the Owner Participant Guarantee] in accordance with Section 8.2(a) of the Participation Agreement;]

(vi) [Assignee shall have provided to each of Lessee and Owner Trustee evidence of Assignee's appointment of the process agent as provided in Section 11(c) and of such process agent's acceptance of such appointment;]¹⁰; and

(vii) the representations and warranties of Assignor and Assignee made herein shall be correct and accurate in all material respects, in each case as though made on and as of such date, or if such representations and warranties relate solely to an earlier date, as of such earlier date.

(b) Subject to the satisfaction or waiver of the conditions set forth in subsection (a) by the parties hereto, this Agreement shall become effective at [[a.m.] [p.m.]] on [] (the "**Effective Time**").

3. Assignment. Assignor has transferred, and does hereby transfer unto Assignee, as of the Effective Time, all of its present and future right, title and interest in and to the Operative Documents, the Trust Estate, and any proceeds from the foregoing, except such rights of Assignor as have arisen or accrued to Assignor prior to the Effective Time (including specifically, but without limitation, the right to receive any amounts due or accrued to Assignor under the Operative Documents as of a time prior to the Effective Time and the right to receive any indemnity payment pursuant to the Participation Agreement with respect to events occurring prior to such time), in each case subject to the rights of Lessee thereunder.

⁹ Insert the applicable IRS form number(s).

¹⁰ Include if foreign OP; otherwise, insert "[intentionally omitted]".

EXHIBIT E

Page 2

4. Assumption. Assignee hereby accepts the Transfer set forth in Section 3 and assumes and undertakes all of the duties and obligations of Assignor whenever accrued (other than duties and obligations of Assignor required to be performed by Assignor prior to the Effective Time under the Operative Documents) pursuant to the Operative Documents, including without limitation, any obligations it may have under any Operative Document with regard to Lessee or Owner Trustee, in each case subject to Lessee's rights thereunder. Assignee hereby confirms that from and after the Effective Time it (a) shall be deemed a party to the Participation Agreement and the Trust Agreement, (b) shall be deemed the party named as the "Owner Participant" for all purposes of the Operative Documents and (c) shall be bound by, and shall perform and observe, all of the terms of each Operative Document (including the agreements and obligations of Assignor set forth therein) as if therein named the Owner Participant. Assignor hereby assumes the risk of any adverse tax or other adverse consequences of the Assignment and Assumption to any party to, or any Indemnified Person or Tax Indemnitee under, any of the Operative Documents (other than Assignee). Based on the terms and conditions of this Agreement and the representations, warranties and covenants of Assignor and Assignee contained herein, Lessee agrees that from and after the Effective Time Assignee shall be deemed the party named as the "Owner Participant" for all purposes of the Operative Documents.

5. Release of Assignor. Assignor will remain liable for the duties, obligations and liabilities of the "Owner Participant" under the Operative Documents except for the duties, obligations and liabilities expressly assumed by Assignee under Section 4. Except as provided in the preceding sentence, Assignor shall be relieved of all of its duties, obligations and liabilities under the Operative Documents; provided that Assignor shall in no event be released from any such duty, obligation or liability (i) arising or relating to any event occurring prior to the Effective Time, (ii) on account of any breach by Assignor of any of its representations, warranties, covenants or obligations contained herein or in any Operative Document or any other Assumption Agreement, or for any fraudulent or willful misconduct engaged in by Assignor, (iii) that relates to any indemnity claimed by Assignor or (iv) relating to or arising out of any Lessor's Lien attributable to Assignor.

6. Appointment as Attorney-in-Fact. In furtherance of the assignment set forth in Section 3, Assignor hereby constitutes and appoints Assignee the true and lawful attorney of Assignor, with full power of substitution, in the name of Assignee or in the name of Assignor but on behalf of and for the benefit of and at the expense of Assignee, to collect for the account of Assignee all items sold, transferred or assigned to Assignee pursuant hereto; to institute and prosecute, in the name of Assignor or otherwise, but at the expense of Assignee, all proceedings that Assignee may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the items sold, transferred or assigned; to defend and compromise at the expense of Assignee any and all actions, suits or proceedings as to title to or interest in any of the property acquired by Assignee; and to do all such acts and things in relation thereto at the expense of Assignee as Assignee shall reasonably deem advisable. Assignor hereby acknowledges that this appointment is coupled with an interest and is irrevocable by Assignor in any manner or for any reason.

7. Payments. Assignor hereby covenants and agrees to pay over to Assignee, if and when received following the Effective Time, any amounts (including any sums payable as interest in respect thereof) paid to or for the benefit of Assignor that, under Section 3, belong to

EXHIBIT E

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Assignee, and Assignee hereby covenants and agrees to pay over to Assignor, if and when received following the Effective Time, any amounts (including any sums payable as interest in respect thereof) paid to or for the benefit of Assignee that, under Section 3, belong to Assignor.

8. Representations and Warranties of Assignor. Assignor represents and warrants that:

(a) Assignor is [type of entity] duly organized, validly existing and in good standing under the laws of [jurisdiction of organization] and has the [corporate] power and authority to own or hold under lease its properties, to carry on its business and operations and to enter into and perform its obligations under this Agreement.

(b) The execution, delivery and performance by Assignor of this Agreement have been duly authorized by all necessary [corporate] action on the part of Assignor, do not require any [stockholder] approval or approval or consent of any trustee or holder of indebtedness or obligations of Assignor, except such as have been duly obtained, or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of Assignor under, any indenture, mortgage, contract or other agreement to which Assignor is a party or by which Assignor or its properties is or are bound or affected. The execution, delivery and performance by Assignor of this Agreement do not and will not violate the [organizational documents] of Assignor or any current law, governmental rule, regulation, judgment or order binding on Assignor (including, without limitation, any such law, rule, regulation, judgment or order relating to money-laundering, anti-corruption or export control or imposing economic sanctions).

(c) Neither the execution and delivery by Assignor of, nor the performance by Assignor of its obligations under, nor the consummation by Assignor of the transactions contemplated in, this Agreement requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of any [jurisdiction of organization] governmental authority having jurisdiction.

(d) This Agreement has been duly executed and delivered by Assignor and constitutes the legal, valid and binding obligation of Assignor enforceable against Assignor in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

(e) There are no pending or, to Assignor's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the ability of Assignor to perform its obligations under this Agreement or the Operative Documents.

(f) Neither Assignor nor any Person authorized to act on its behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any other applicable securities law.

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(g) At the Effective Time, there are no Lessor's Liens attributable to Assignor.

(h) No Person acting on behalf of Assignor is or will be entitled to any broker's fee, commission or finder's fee in connection with any transaction contemplated by this Agreement or the Operative Documents.

(i) The Assignment and Assumption (1) does not violate the Transportation Code, the Securities Act or any other Law (including, without limitation, ERISA, any laws or regulations imposing U.S. economic sanctions measures or any orders or licenses issued thereunder), or create a relationship that would be in violation thereof, (2) does not result in a "prohibited transaction" under Section 4975 of the Code, (3) does not adversely affect the registration of the Aircraft in the name of Owner Trustee with the FAA (or the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States), (4) will not subject Lessee to any additional regulation under, or require Lessee to give any notice to, register with, make any filings with or take any other action in respect of, any governmental authority or agency of any jurisdiction, (5) does not require registration under the Securities Act or any foreign securities laws, require qualification of an indenture under the Trust Indenture Act, or require Lessee to sign any registration statement, (6) unless Lessee consents, the Transfer contemplated hereby does not involve a Rule 144A, Regulation S or other capital markets or equity syndication transaction not described in the immediately preceding clause (5), and (7) does not result in, or involve, incurrence by Lessee of any indebtedness for accounting purposes (it being understood that, if any change in the lease accounting standards applicable to Lessee requires that Lessee, independently of the Transfer contemplated hereby, capitalize its leases, including the Lease, in Lessee's books, such capitalization of the Lease is not intended to constitute, and shall not be construed as, incurrence by Lessee of any indebtedness for accounting purposes within the meaning of this clause (7)).

(j) Assignor has fully performed all of its obligations under the Operative Documents, which obligations by their terms are required to be satisfied or performed prior to the Effective Time or prior to the consummation of the transactions contemplated hereby.

9. Representations and Warranties of Assignee. Assignee represents and warrants that:

(a) Assignee is [type of entity] duly organized, validly existing and in good standing under the laws of [jurisdiction of organization] and has the [corporate] power and authority to own or hold under lease its properties, to carry on its business and operations, to enter into and perform its obligations under this Agreement and to perform its obligations under the Operative Documents to which it is or will be a party.

(b) The execution, delivery and performance by Assignee of this Agreement, and the performance by Assignee of the Operative Documents to which it is or will be party, have been duly authorized by all necessary [corporate] action on the part of Assignee, do not require any [stockholder] approval or approval or consent of any trustee or holder of indebtedness or obligations of Assignee, except such as have been duly obtained, or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than

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as permitted under the Operative Documents) upon the property of Assignee under, any indenture, mortgage, contract or other agreement to which Assignee is a party or by which Assignee or its properties is or are bound or affected. The execution, delivery and performance by Assignee of this Agreement and the performance by Assignee of the Operative Documents to which it is or will be party and the acquisition by Assignee of its interest in the Trust Estate (and the rights related thereto) do not and will not violate the [organizational documents] of Assignee or any current law, governmental rule, regulation, judgment or order binding on Assignee (including, without limitation, any such law, rule, regulation, judgment or order relating to money-laundering, anti-corruption or export control or imposing economic sanctions).

(c) Neither the execution and delivery by Assignee of this Agreement, nor the performance by Assignee of its obligations under, nor the consummation by Assignee of the transactions contemplated in, this Agreement and the Operative Documents to which Assignee is or will be a party, requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of any [jurisdiction of organization] governmental authority having jurisdiction.

(d) This Agreement has been duly executed and delivered by Assignee and constitutes, and each Operative Document to which Assignee will be a party will constitute, the legal, valid and binding obligation of Assignee enforceable against Assignee in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

(e) There are no pending or, to Assignee's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the ability of Assignee to perform its obligations under this Agreement or any Operative Document to which it is or will be a party.

(f) Neither Assignee nor any Person authorized to act on its behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any other applicable securities law.

(g) At the Effective Time, there are no Lessor's Liens attributable to Assignee, and the execution, delivery and performance of this Agreement will not result in any Lessor's Lien attributable to Assignee.

(h) Either (i) Assignee is a Citizen of the United States or (ii) the Trust Agreement is in a form that permits the Aircraft to be registered with the FAA in the name of Owner Trustee (without regard to any provision of applicable law that permits FAA registration of an aircraft by limiting its location and usage but with regard to voting trust provisions and provisions delegating certain control rights to the Owner Trustee), notwithstanding the failure of Assignee to be a Citizen of the United States.

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(i) Assignee is not an airline or other commercial operator of aircraft, freight forwarder, or any other company directly or indirectly engaged in the business of passenger, cargo, freight or parcel transportation, or any Affiliate thereof.

(j) Either (a) no part of the funds to be used by Assignee to make and hold its investment pursuant to this Agreement directly or indirectly constitutes assets of any “employee benefit plan” (as defined in Section 3(3) of ERISA) or of any “plan” (as defined in Section 4975(e) of the Code) or (b) its purchase and holding of its interest in the Trust Estate and its investment pursuant to this Agreement are exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to one or more prohibited transaction statutory or administrative exemptions.

(k) Assignee is a Qualifying Institution (as such term is defined in Section 8.2(a)(ii) of the Lease) (or a parent corporation of the Assignee which qualifies as a Qualifying Institution shall have executed and delivered to Lessee a guaranty substantially in the form of Exhibit G to the Participation Agreement or otherwise in form and substance reasonably satisfactory to Lessee).

(l) The Assignment and Assumption (1) does not violate the Transportation Code, the Securities Act or any other Law (including, without limitation, ERISA, any laws or regulations imposing U.S. economic sanctions measures or any orders or licenses issued thereunder), or create a relationship that would be in violation thereof, (2) does not result in a “prohibited transaction” under Section 4975 of the Code, (3) does not adversely affect the registration of the Aircraft in the name of Owner Trustee with the FAA (or the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States), (4) will not subject Lessee to any additional regulation under, or require Lessee to give any notice to, register with, make any filings with or take any other action in respect of, any governmental authority or agency of any jurisdiction, (5) does not require registration under the Securities Act or any foreign securities laws, require qualification of an indenture under the Trust Indenture Act, or require Lessee to sign any registration statement, (6) unless Lessee consents, the Transfer contemplated hereby does not involve a Rule 144A, Regulation S or other capital markets or equity syndication transaction not described in the immediately preceding clause (5), and (7) does not result in, or involve, incurrence by Lessee of any indebtedness for accounting purposes (it being understood that, if any change in the lease accounting standards applicable to Lessee requires that Lessee, independently of the Transfer contemplated hereby, capitalize its leases, including the Lease, in Lessee’s books, such capitalization of the Lease is not intended to constitute, and shall not be construed as, incurrence by Lessee of any indebtedness for accounting purposes within the meaning of this clause (7)).

(m) [Assignee is a domestic [corporation][partnership] for U.S. federal income tax purposes.]¹¹

¹¹ If Assignee is a foreign entity, replace with language to the following effect: “Assignee is (x) taxed as a [corporation] for U.S. federal income tax purposes, (y) a corporation resident in [] for [] tax purposes [(by virtue of being managed and controlled in [])] and (z) a resident of [] within the meaning of the income tax convention between [] and the United States (the “**Treaty**”) and fully eligible for the benefits of the [“Business Profits”][“Industrial or Commercial Profits”], “Interest” and “Other Income” articles of the Treaty with respect to all payments under the Lease and the other transaction documents and all income of Lessor with respect thereto.” If a foreign Assignee is tax-transparent, add similar language regarding its owners. In addition, a foreign Assignee will need to provide an opinion or representation substantially to the following effect: “Under applicable Law in effect at the Effective Time, assuming the Aircraft is not located or used by Lessee or any sublessee of Lessee at or after the Effective Time in [Assignee’s country] and neither Lessee, Owner Trustee nor Trust Company is acting, or has acted, under the Operative Documents through an office or other fixed place of business or an agent in [Assignee’s country], neither Lessee nor Owner Trustee will be required to charge, withhold or otherwise collect any sales, stamp, value added or similar Tax imposed by [Assignee’s country], or any political subdivision thereof, with respect to the Operative Documents or any Rent payable at or after the Effective Time.”

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10. Certain Agreements.

(a) Assignee agrees that, except as expressly permitted by Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing, notwithstanding anything herein or in any Operative Document to the contrary, neither it nor any Person claiming by, through or under it shall take or cause to be taken any action inconsistent with Lessee's rights under the Lease and Lessee's right to quiet enjoyment of the Aircraft, the Airframe, any Engine or any Part, or otherwise in any way interfere with or interrupt the use, operation and continuing possession of the Aircraft, the Airframe, any Engine or any Part by Lessee or any sublessee, assignee or transferee under any sublease, assignment or transfer then in effect and permitted by the terms of the Lease.

(b) Notwithstanding anything to the contrary contained herein or in the Operative Documents, each of Assignor and Assignee hereby agrees, for the benefit of Lessee, that as determined at the Effective Time none of Lessee's obligations, responsibilities, liabilities, costs and risks in the use and operation of the Aircraft or under, relating to or in respect of the Operative Documents or otherwise, including, without limitation, under or in respect of any of Lessee's payment or indemnity obligations, shall be increased or altered, and none of Lessee's rights and benefits under any Operative Document shall be diminished, as a result of or in connection with the Assignment and Assumption or any aspect thereof or any other transaction relating thereto (it being acknowledged that an increase in the number of indemnitees shall not, of itself, constitute an increase in Lessee's obligations under the Operative Documents).

11. Miscellaneous.

(a) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

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

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(c) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK. [Assignee irrevocably designates and appoints [name of process agent] as process agent to receive for it and on its behalf service of process in any proceedings arising hereunder or under any other Operative Document to which it is a party. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.]¹²

(d) To the extent that Assignee or any of its properties has or may hereafter acquire any right of immunity, whether characterized as sovereign immunity or otherwise, and whether under the United States Foreign Sovereign Immunities Act of 1976 (or any successor legislation) or otherwise, from any legal proceedings, whether in the United States or elsewhere, to enforce or collect upon any Operative Documents to which it is a party, including, without limitation, immunity from suit or service of process, immunity from jurisdiction or judgment of any court or tribunal or execution of a judgment, or immunity of any of its property from attachment prior to any entry of judgment, or from attachment in aid of execution upon a judgment, Assignee hereby irrevocably and expressly waives any such immunity, and agrees not to assert any such right or claim in any such proceeding, whether in the United States or elsewhere.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

¹² Include only if Assignee is a foreign entity.

EXHIBIT E

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IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be duly executed as of the day and year first above written.

[NAME OF ASSIGNOR]

By:
Name:
Title:

[NAME OF ASSIGNEE]

By:
Name:
Title:

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By:
Name:
Title:

EXHIBIT F

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

EXHIBIT F

Page 1

EXHIBIT F

**ANNEX A
TO
BFE BILL OF SALE**

EXHIBIT F
Page 2

EXHIBIT G

FORM OF OWNER PARTICIPANT GUARANTEE

EXHIBIT G

Page 1

ANNEX A

DEFINITIONS

ANNEX A

Page 1

ANNEX B

PAYMENT INFORMATION

Payments to Owner Trustee/Lessor: Payments made to Owner Trustee pursuant to the terms of the Operative Documents shall be made to the following account of Lessor:

[]

or to such other account of Lessor in the United States as may be specified in a notice delivered by Owner Trustee to Lessee and Owner Participant in accordance with Section 10.1 at least 10 Business Days prior to the due date after which payments are to be made pursuant to such notice.

Payments to Owner Participant: Payments made to Owner Participant pursuant to the terms of the Operative Documents shall be made to the following account of Owner Participant:

[]

or to such other account of Owner Participant in the United States as may be specified in a notice delivered by Owner Participant to Owner Trustee and Lessee in accordance with Section 10.1 at least 10 Business Days prior to the due date after which payments are to be made pursuant to such notice.

Payments to Lessee: Payments made to Lessee pursuant to the terms of the Operative Documents shall be made to the following account of Lessee:

[]

or to such other account of Lessee in the United States as may be specified in a notice delivered by Lessee to Owner Trustee and/or Owner Participant in accordance with Section 10.1 at least 10 Business Days prior to the due date after which payments are to be made pursuant to such notice.

SCHEDULE A

CERTAIN TERMS

Insurance Threshold Amount:

[CONFIDENTIAL PORTION
HAS BEEN OMITTED
BECAUSE IT (I) IS NOT
MATERIAL AND (II)
WOULD BE
COMPETITIVELY
HARMFUL IF PUBLICLY
DISCLOSED]

Obsolete Parts cap (for purposes of Section 8(c) of the Lease)

[CONFIDENTIAL PORTION
HAS BEEN OMITTED
BECAUSE IT (I) IS NOT
MATERIAL AND (II)
WOULD BE
COMPETITIVELY
HARMFUL IF PUBLICLY
DISCLOSED]

PERMITTED COUNTRIES

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

¹⁴ Insert value for applicable aircraft type.

SCHEDULE B

RE-REGISTRATION CONDITIONS

Lessee's right to cause or permit the Aircraft to be re-registered pursuant to Section 7(a) of the Lease is subject to the satisfaction of the conditions below or waiver thereof by Lessor and Owner Participant, as applicable:

(a) no Event of Default shall have occurred and be continuing at the date of such request or at the effective date of the change in registration; provided that it shall not be necessary to comply with this condition if the change in registration involves the registration of the Aircraft under the laws of the United States;

(b) each of Lessor and Owner Participant shall have received a legal opinion addressed to it from counsel to Lessee admitted to practice in the jurisdiction of registration (which counsel shall be reasonably satisfactory to Owner Participant) (i) to the effect that (A) after giving effect to such change in registration, all filing, recording or other action necessary to perfect and protect Lessor's rights and interests in and to the Aircraft and the Lease has been accomplished (or if such opinion cannot be given at the time by which Lessor has been requested to consent to a change in registration, (x) the opinion shall detail what filing, recording or other action is necessary and (y) Lessor and Owner Participant shall have received a certificate from Lessee that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be delivered to Lessor and Owner Participant on or prior to the effective date of such change in registration), (B) the terms of the Lease are legal, valid and binding and enforceable against Lessee in such jurisdiction (subject to bankruptcy and equitable remedies exceptions and other customary exceptions), and (C) it is not necessary for Lessor or Owner Participant to qualify to do business in such jurisdiction or otherwise satisfy any other applicable law, rule or regulation existing at the date of such request (or if such opinion cannot be given, the opinion shall detail what other existing law, rule or regulation must be satisfied by Lessor or Owner Participant, as the case may be) solely as a result of the proposed re-registration, and (ii) if such re-registration is in connection with a sublease to a Permitted Sublessee and such country is not, at the time of re-registration, the United States or a Permitted Country, to the effect that there exist no possessory rights in favor of Permitted Sublessee under the laws of such country that would, assuming at such time Permitted Sublessee is not insolvent or bankrupt, prevent the return of the Aircraft in accordance with and when permitted by the terms of Sections 14 and 15 of the Lease upon the exercise of remedies by Lessor of its remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(c) Lessor and Owner Participant shall have received assurances reasonably satisfactory to Owner Participant to the effect that the insurance provisions of the Lease shall have been complied with after giving effect to such change in registration;

SCHEDULE B

Page 1

(d) such re-registration will not result in the imposition by such country of any Taxes on Lessor or Owner Participant for which Lessee is not required to indemnify Lessor or Owner Participant, as the case may be, unless Lessee agrees to indemnify Lessor or Owner Participant, as the case may be, for any Taxes imposed by such country in connection with or relating to the transactions contemplated by the Lease that would not have been imposed but for such re-registration; provided that it shall not be necessary to comply with the conditions contained in this clause (d) if such change in registration results in the re-registration of the Aircraft under the laws of the United States, except to the extent that the provisions of the tax indemnification provisions relating to Lessor or Owner Participant, as the case may be, were amended in effecting a previous foreign registration;

(e) such re-registration will not divest Lessor of title to the Aircraft; and

(f) Lessee shall have paid or made provision for the payment of all reasonable out-of-pocket expenses (including reasonable attorneys' fees) of Lessor and Owner Participant in connection with such change in registration;

provided, further, that Lessee shall not cause the Aircraft to be registered under the laws of any foreign jurisdiction without the prior written consent of Owner Participant if (1) the civil aviation laws of such foreign jurisdiction impose unusual requirements on lessors of civil aircraft, and (2) Lessor or Owner Participant, as the case may be, would be required to comply with such unusual requirements upon the registration of the Aircraft in such foreign jurisdiction, and compliance therewith by Lessor or Owner Participant, as the case may be, would result in a material burden on the business activities of Lessor or Owner Participant, as the case may be.

SCHEDULE B

FORM OF DEFINITIONS ANNEX

FORM OF LEASING LETTER

GUARANTEE ([YEAR] MSN [MSN])

dated as of —, 20—

by

[NAME OF OWNER PARTICIPANT GUARANTOR]

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EXHIBIT A - Beneficiaries

GUARANTEE

GUARANTEE dated as of [—], 20[—] by [**OWNER PARTICIPANT GUARANTOR**], a [**FORM OF ENTITY**] organized and existing under the laws of [**JURISDICTION**] (together with its successors and assigns, “**Guarantor**”), for the benefit the parties listed in Exhibit A attached hereto (together with their respective successors and assigns, the “**Beneficiaries**”).

WHEREAS, [OWNER PARTICIPANT], a [FORM OF ENTITY] organized and existing under the laws of [JURISDICTION] (together with its successors and assigns, the “**Owner Participant**”) is majority-owned subsidiary of Guarantor;

WHEREAS, Guarantor derives substantial benefit from the Owner Participant entering into the transactions contemplated by the OP Documents;

WHEREAS, American Airlines, Inc. (“**American**”), as lessee, the Owner Participant and Wells Fargo Bank Northwest, National Association, a national banking association, not in its individual capacity except as expressly provided herein, but solely as owner trustee, as lessor (“**Lessor**”), entered into a Participation Agreement ([YEAR] MSN [MSN]), dated as of the date hereof (as may be amended, supplemented or otherwise modified from time to time in accordance with its terms, the “**Participation Agreement**”);

WHEREAS, American and Lessor entered into a Lease Agreement ([YEAR] MSN [MSN]) dated as of the date hereof (as may be amended, supplemented or otherwise modified from time to time in accordance with its terms, the “**Lease**”);

WHEREAS, it is a condition to the Lessee’s obligation to enter into the transactions contemplated by the Participation Agreement that Guarantor agrees to guarantee the obligations of the Owner Participant in each of the Operative Documents executed or to be executed by the Owner Participant or by which the Owner Participant is bound (such Operative Documents, in each case, as amended, modified or supplemented from time to time, being referred to herein as the “**OP Documents**”);

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings given them in Annex A to the Lease.

Section 2. Affirmation of Representations and Warranties under OP Documents. Guarantor hereby represents and warrants to the Beneficiaries that all of the representations and warranties of the Owner Participant contained in the OP Documents are true and correct as of the date hereof.

Section 3. Guarantee.

3.1. **Guarantee of Obligations under OP Documents.** Guarantor irrevocably and unconditionally guarantees to the Beneficiaries the due and punctual performance of and compliance with all covenants, agreements, terms and conditions of each of the OP Documents

required to be performed or complied with by the Owner Participant (including, without limitation, in the case of a Back-Leveraging Transaction, the Owner Participant's representations, warranties and covenants described in Section 8.3.1(b) of the Participation Agreement and compliance of the applicable Back-Leveraging Transaction with the terms of Section 8.3 of the Participation Agreement) (all such payment obligations and other covenants, agreements, terms and conditions, being referred to herein as the "**Obligations**"). In case the Owner Participant shall fail to perform or comply with any Obligation, Guarantor will forthwith perform and comply with such Obligation or cause the same forthwith to be performed or complied with, and, in case the Owner Participant shall fail to pay or perform duly and punctually any Obligation required to be made or performed by the Owner Participant under any OP Document when and as the same shall be due and payable, or required to be performed, as the case may be, in accordance with the terms of such OP Document, Guarantor will immediately pay or perform, as the case may be, the same to the Person entitled thereto and in addition, pay such further amount, if any, as shall be sufficient to cover all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Beneficiaries in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting any or all of the Obligations.

3.2. Unconditional Obligations. The guarantee by Guarantor contained in Section 3.1 hereof is a primary obligation of Guarantor and is an unconditional, absolute, present and continuing obligation and is not conditioned in any way upon the institution of suit or the taking of any other action with respect to the representations and warranties of the Owner Participant contained in any OP Document or any attempt to enforce performance of or compliance with the Obligations (including, without limitation, any payment obligations). To the extent that performance or compliance with the guarantee by Guarantor contained in Section 3.1 hereof requires the payment of money, such guarantee is an absolute, unconditional, present and continuing guarantee of payment and not of collectability and is in no way conditioned or contingent upon the validity, or enforceability of any OP Document or any of the Obligations or any collateral security, other guarantee, if any, or credit support therefor or any attempt to collect from the Owner Participant or any other entity or to perfect or enforce any security or upon any other condition or contingency or upon any other action, occurrence or circumstance whatsoever. Such guarantee shall continue to be effective, or be reinstated, as the case may be, if at any time payment, in whole or in part, of any of the sums due to any of the Beneficiaries pursuant to the terms of any OP Document is rescinded or must otherwise be restored or returned upon the bankruptcy, insolvency, reorganization, arrangement, adjustment, composition, dissolution, liquidation, or the like, of the Owner Participant or Guarantor, or upon or as a result of, the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Owner Participant or Guarantor or any substantial part of their respective property, or otherwise, all as though such payment had not been made notwithstanding any termination of this Guarantee or any OP Document. Guarantor shall not commence against the Owner Participant any "case" (as defined in Title 11 of the United States Code, the "**Bankruptcy Code**") under the Bankruptcy Code or any similar proceeding under any state insolvency, bankruptcy or similar statute.

3.3. Guarantor's Obligations Not Affected. The obligations of Guarantor under this Guarantee shall remain in full force and effect without regard to, and shall not be impaired or affected by:

- (a) any extension, indulgence or renewal in respect of the payment of any amount payable, or the performance of any Obligation; or
- (b) any amendment or modification of or addition or supplement to or deletion from any of the terms of any OP Document, or any other agreement (including, without limitation, any collateral security, other guarantee, if any, or other credit support or right of offset with respect thereto) which may be made relating to any OP Document or any Obligation; or
- (c) any compromise, waiver, release or consent or other action or inaction in respect of any of the terms of any OP Document, or any other agreement (including, without limitation, any collateral security, other guarantee, if any, or other credit support or right of offset with respect thereto) which may be made relating to any OP Document or any Obligation; or
- (d) any exercise or non-exercise by any of the Beneficiaries of any right, power, privilege or remedy under or in respect of this Guarantee or any OP Document, or any waiver of any such right, power, privilege or remedy or of any default in respect of this Guarantee or any OP Document or any guarantee or other agreement executed pursuant hereto, or any receipt of any security or any release of any security; or
- (e) any bankruptcy, insolvency, reorganization, arrangement, adjustment, composition, dissolution, liquidation, or the like, of the Owner Participant, Guarantor or any other Person; or
- (f) any limitation of the liability of the Owner Participant under the terms of any OP Document which may now or hereafter be imposed by any statute, regulation or rule of law; or
- (g) any merger or consolidation of the Owner Participant or Guarantor into or with any other person or entity, or any sale, lease or transfer of any or all of the assets of the Owner Participant or Guarantor to any other person or entity; or
- (h) any indebtedness of the Owner Participant to any person or entity, including Guarantor; or
- (i) any claim, set-off, deduction or defense Guarantor or the Owner Participant may have against any of the Beneficiaries, whether hereunder or under any OP Document or independent of or unrelated to the transactions contemplated by the OP Documents; or
- (j) any change in law; or
- (k) absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing subdivisions (a) through (j); or

(l) any sale, transfer or other disposition by the Owner Participant of any right, title or interest in and to any OP Document or the Aircraft; or

(m) any other circumstance whatsoever, whether similar or dissimilar to the foregoing, whether foreseen or unforeseen, that might otherwise constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or that might otherwise limit recourse against Guarantor. No obligations of the Owner Participant are affected hereby.

3.4. Waiver. Guarantor unconditionally waives, to the fullest extent permitted by Law, (a) notices of the creation of any Obligation under the OP Documents or any of the matters referred to in Section 3.3 hereof or any notice of or proof of reliance by any of the Beneficiaries upon this Guarantee or acceptance of this Guarantee (the Obligations shall conclusively be deemed to have been created, contracted, incurred or renewed, extended, amended or waived in reliance upon this Guarantee and all dealings between the Owner Participant or Guarantor and any Beneficiary shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee), (b) all notices which may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights of any of the Beneficiaries against Guarantor, including, without limitation, any demand, presentment and protest, proof of notice of non-payment under any OP Document, and notice of default or any failure on the part of the Owner Participant to perform and comply with any Obligation, (c) any right to the enforcement, assertion or exercise by any of the Beneficiaries of any right, power, privilege or remedy conferred herein or in any OP Document or otherwise, (d) any requirement of promptness or diligence on the part of any of the Beneficiaries, or (e) any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge, release or defense of a guarantor or surety, or which might otherwise limit recourse against Guarantor.

3.5. Waiver of Rights of Subrogation and Contribution. Guarantor will not assert any right to which it may become entitled, whether by subrogation, contribution or otherwise, against the Owner Participant or any of its properties, by reason of the performance by Guarantor of its obligations under this Agreement, nor shall Guarantor seek or be entitled to seek any reimbursement from the Owner Participant in respect of payments made by Guarantor until such time as all of the Obligations of the Owner Participant under the OP Documents shall be duly and fully performed.

3.6. Payments. Guarantor hereby guarantees that all payments hereunder shall be paid without set-off, counterclaim, deduction or withholding (or, if there is any such deduction or withholding for Taxes, Guarantor hereby agrees to pay additional amounts such that Guarantor bears such Taxes), and shall be made in U.S. Dollars; provided, that such Beneficiary shall have provided Guarantor with any withholding form, certificates or documents that such Beneficiary is legally entitled to provide if necessary or advisable to reduce or eliminate such withholding taxes, provided, however, that no Beneficiary shall be required to deliver such form, certificates or documents to reduce or eliminate any withholding taxes imposed by any non U.S. jurisdiction as a result of payments being made from, or Guarantor's or Owner Participant's connection with, such jurisdiction unless (x) Guarantor shall have provided to such Beneficiary timely notice of the requirement for such documentation, (y) such Beneficiary determines in good faith that it would suffer no risk of adverse consequences by providing the applicable form, and (z) Guarantor has agreed to pay, and does pay after demand therefor, on an After-Tax Basis, all

costs and expenses incurred by such Beneficiary in providing the applicable form. If any payment of Guarantor hereunder is converted into a claim, proof, judgment or order in a currency other than Dollars, Guarantor will indemnify the Beneficiaries as an independent obligation against any loss arising out of or as a result of such receipt or conversion.

Section 4. Representations, Warranties and Covenants of Guarantor.

4.1. Representations and Warranties of Guarantor. As of the date hereof, Guarantor hereby represents and warrants that: (a) it is a [FORM OF ENTITY] duly organized and validly existing under the laws of [JURISDICTION] and has the corporate power and authority to carry on its present business and operations, to own or hold under lease its properties and to enter into and perform its obligations under this Guarantee, and this Guarantee has been duly authorized, executed and delivered by it and is legal, valid and binding on it and is enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity; (b) the execution and delivery by Guarantor of this Guarantee and compliance by it with all of the provisions hereof do not and will not contravene any Law or any order of any court or governmental authority or agency applicable to or binding on it or contravene the provisions of, or constitute a default under, [its certificate of incorporation or by-laws] or any indenture, mortgage, contract or any agreement or instrument to which it is a party or by which it or any of its property may be bound or affected; (c) no authorization or approval or other action by, and no notice to or filing with, any [jurisdiction of organization] governmental authority having authority over Guarantor or its assets is required for the due execution, delivery or performance by it of this Guarantee; (d) there are no pending or threatened actions or proceedings before any court or administrative agency which would materially adversely affect its ability to perform its obligations under this Guarantee; (e) the Owner Participant is a majority-owned subsidiary of Guarantor; and (f) Guarantor is a Qualifying Institution.

4.2. Covenants of Guarantor. For so long as the Owner Participant is a party to the OP Documents:

- (a) Guarantor agrees that it will not impair Owner Participant's ability to perform its obligations under the OP Documents; and
- (b) Guarantor agrees to comply with the terms and conditions of Section 10.4 of the Participation Agreement with respect to any Confidential Information.

Section 5. Costs and Expenses. Guarantor will pay all reasonable costs and expenses (including, without limitation, reasonable legal fees and expenses) incurred by or on behalf of any of the Beneficiaries in connection with the enforcement of Guarantor's obligations under this Guarantee.

Section 6. Survival of Representations, Warranties and Agreements. The representations, warranties and agreements of Guarantor contained herein shall survive the execution and delivery of this Guarantee and the consummation of the transactions contemplated hereby and by the Operative Documents.

Section 7. Notices, etc. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents or waivers required or permitted under the terms and provisions of this Guarantee shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, postage prepaid, overnight courier service or facsimile, and any such notice shall be effective when received (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) and addressed, (a) if to Guarantor, at — or at such other address as Guarantor shall from time to time designate in writing to American, (b) if to American, at 4333 Amon Carter Boulevard, Mail Drop 5662, Ft. Worth, Texas 76155, Attention: Treasurer, Fax: (817) 967-4318, Tel: (817) 963-1234 or at such other address as American shall from time to time designate in writing to Guarantor, or (c) if to the Lessor, at — or at such other address as the Lessor shall from time to time designate in writing to Guarantor

Section 8. Amendments and Waivers. Neither this Guarantee nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by Guarantor and the Beneficiaries.

Section 9. Severability of this Guarantee. Any provision of this Guarantee which is prohibited and unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10. Miscellaneous. This Guarantee shall remain in full force and effect until payment in full of all sums payable hereunder under the OP Documents, and performance in full of all obligations of Guarantor hereunder, it being understood that upon the transfer of the Owner Participant's interest pursuant to the terms of the OP Documents, subject to the payment in full of all sums due and payable hereunder and performance in full of all obligations of Guarantor hereunder and subject to such transfer complying with Section 8.2 of the Participation Agreement, this Guarantee shall terminate. This Guarantee constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. The index preceding this Guarantee and the headings of the various Sections of this Guarantee are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. The terms of this Guarantee shall be binding upon the successors of Guarantor, and shall inure to the benefit of the Beneficiaries and their successors and permitted assigns. Guarantor hereby irrevocably submits to the nonexclusive jurisdiction of each of the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York, and other courts with jurisdiction to hear appeals from such court and other courts with jurisdiction to hear appeals from such court for the purposes of any suit, action or other proceeding arising out of this Guarantee, the subject matter hereof or any of the transactions contemplated hereby. **THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS GUARANTEE IS BEING DELIVERED IN THE STATE OF NEW YORK.**

Section 11. Agent for Service of Process. Guarantor agrees that its designated agent for service of process relating to any proceedings arising out of or connected with this Guarantee is —. Guarantor agrees that service of process in any action or proceeding described in Section 10 may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such agent for service of process at its address referred to in the first sentence of this Section 11. Guarantor, by notice to the Beneficiaries, may designate a different agent and address for subsequent service of process; provided that Guarantor will take all action, including the filing of any and all documents and instruments, as may be necessary so that it shall at all times have an agent for service of process for the above purposes in the County of New York, State of New York. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.]¹

Section 12. Time of the Essence. The time stipulated in this Guarantee for all payments by Guarantor to any of the Beneficiaries and for prompt, punctual performance of Guarantor’s obligations under this Guarantee shall be of the essence for this Guarantee.

Section 13. Waiver of Immunity. To the extent that Owner Participant or any of its properties has or may hereafter acquire any right of immunity, whether characterized as sovereign immunity or otherwise, and whether under the United States Foreign Sovereign Immunities Act of 1976 (or any successor legislation) or otherwise, from any legal proceedings, whether in the United States or elsewhere, to enforce or collect upon any Operative Documents to which it is a party, including, without limitation, immunity from suit or service of process, immunity from jurisdiction or judgment of any court or tribunal or execution of a judgment, or immunity of any of its property from attachment prior to any entry of judgment, or from attachment in aid of execution upon a judgment, Owner Participant hereby irrevocably and expressly waives any such immunity, and agrees not to assert any such right or claim in any such proceeding, whether in the United States or elsewhere.

¹ Include if Guarantor is foreign.

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be duly executed by its duly authorized officer as of the day and year first above written.

[GUARANTOR]

By:
Title:

EXHIBIT A

BENEFICIARIES

American Airlines, Inc., as Lessee (and its successors and permitted assigns)

Wells Fargo Bank Northwest, National Association, Owner Trustee and Lessor (and its successors and permitted assigns)

ANNEX A
DEFINITIONS

General Provisions

(a) In each Operative Document (as defined below), unless otherwise expressly provided, a reference to:

- (i) each of “Lessee,” “Lessor,” “Owner Trustee,” “Owner Participant” or any other Person includes, without prejudice to the provisions of any Operative Document, any successor in interest to it and any permitted transferee, permitted purchaser or permitted assignee of it;
- (ii) words importing the plural include the singular and words importing the singular include the plural;
- (iii) any agreement, instrument or document, or any annex, schedule or exhibit thereto, or any other part thereof, includes, without prejudice to the provisions of any Operative Document, that agreement, instrument or document, or annex, schedule or exhibit, or part, respectively, as amended, modified or supplemented from time to time in accordance with its terms, and any agreement, instrument or document entered into in substitution or replacement therefor;
- (iv) any provision of any law includes any such provision as amended, modified, supplemented, substituted, reissued or reenacted prior to the Delivery Date (as defined below in this Annex A), and thereafter from time to time;
- (v) the word “government” includes any instrumentality or agency thereof;
- (vi) the words “Agreement,” “this Agreement,” “hereby,” “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in any Operative Document refer to such Operative Document as a whole and not to any particular provision of such Operative Document;
- (vii) the words “including,” “including, without limitation,” “including, but not limited to,” and terms or phrases of similar import when used in any Operative Document, with respect to any matter or thing, mean including, without limitation, such matter or thing; and
- (viii) a “Section,” a “subsection,” an “Exhibit,” an “Annex” or a “Schedule” in any Operative Document, or in any annex thereto, is a reference to a section or a subsection of, or an exhibit, an annex or a schedule to, such Operative Document or such annex, respectively.

(b) Each attachment, appendix, exhibit, annex, supplement and schedule to each Operative Document is incorporated in, and shall be deemed to be a part of, such Operative Document.

(c) Headings and tables of contents used in any Operative Document are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, such Operative Document.

Defined Terms

“**AD**” has the meaning set forth in Section 7(a) of the Lease.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For the purposes of this definition, “control” (including “controlled by” and “under common control with”) shall mean the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities or by contract or otherwise. In no event shall Trust Company be deemed to be an Affiliate of any of Owner Trustee, Lessor or Owner Participant or vice versa.

“**After-Tax Basis**”, in the context of determining the amount of a payment to be made on such basis, means the payment of an amount which, after subtraction of the net increase, if any, in U.S. federal, state and local income tax liability incurred by the Indemnified Person or Tax Indemnitee to whom the payment is made as a result of the receipt or accrual of such payment (taking into account any current Tax benefits realized by such Indemnified Person or Tax Indemnitee as a result of the event or circumstances giving rise to such payment), shall equal the amount that would have been payable if no net increase in such tax liability had been incurred.

“**Aircraft**” means the Airframe together with the two Engines described in Lease Supplement No. 1 (or any Replacement Engine substituted for any of such Engines under, and pursuant to the terms of, the Lease) (except in each case for any Excluded Equipment), whether or not any of such initial or substituted Engines may from time to time be installed on such Airframe or may be installed on any other airframe or on any other aircraft.

“**Aircraft Protocol**” means the official English language text of the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements, and revisions thereto, as in effect in the United States.

“**Airframe**” means (i) the aircraft described in Lease Supplement No. 1 (except (x) Engines or engines from time to time installed thereon and any and all Parts related to such Engines or engines and (y) any Excluded Equipment) to be leased under the Lease by Lessor to Lessee and (ii) any and all Parts so long as the same shall be incorporated or installed in or attached to such aircraft, or so long as title thereto shall remain vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from such aircraft.

“**American/Airbus Purchase Agreement**” means the A320 Family Aircraft Purchase Agreement, dated July 19, 2011, between Lessee and the Manufacturer, as amended, supplemented or otherwise modified from time to time.

“**Application for Aircraft Registration**” means the application for registration on Federal Aviation Administration AC Form 8050-1 with respect to the Aircraft in the name of Owner Trustee.

“**Approved Program**” means a maintenance program for aircraft of the same make and model as the Aircraft which shall be (i) the Maintenance Program, (ii) the MPD, or (iii) such other maintenance program approved by Lessor (such approval not to be unreasonably withheld); provided that for purposes of this clause (iii), such approval right shall, in connection with the re-registration or subleasing of the Aircraft, Airframe or any Engine, only be required at the time of the initial re-registration or at the commencement of such sublease, as applicable. For purposes of the foregoing sentence, with respect to the flight/hours/cycles/calendar time limitations of Parts and inspections, references to the MPD mean the most restrictive applicable limitation set forth therein.

“**Assumption Agreement**” has the meaning set forth in Section 8.2(a)(i)(D) of the Participation Agreement.

“**Aviation Counsel**” means Daugherty, Fowler, Peregrin, Haught & Jenson, a Professional Corporation, or such other nationally recognized special aviation counsel located in Oklahoma City, Oklahoma as is designated by Lessee.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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“**Bankruptcy Code**” means the United States Bankruptcy Code, 11 United States Code §§ 101 et seq.

“**Basic Rent**” means the basic rent payable to Lessor for the Aircraft pursuant to Section 3(b) of the Lease in the amounts and payable at the times as provided therein.

“**Basic Term**” means the term for which the Aircraft is leased under the Lease pursuant to Section 3(a) thereof commencing on the Delivery Date and ending on the Lease Expiry Date, or such earlier date on which the Lease is terminated in accordance with the provisions thereof.

“**Bills of Sale**” means the FAA Bill of Sale and the Warranty Bill of Sale collectively.

“**Business Day**” means any day other than a Saturday, Sunday or a day on which commercial banks are authorized or required by law, regulation or executive order to be closed in Fort Worth, Texas or New York, New York or the city and state in which the principal corporate trust office of Owner Trustee is located.

“**Cape Town Convention**” means the official English language text of the Convention on International Interests in Mobile Equipment, adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements, and revisions thereto, as in effect in the United States.

“**Cape Town Treaty**” means, collectively, the official English language text of (i) the Cape Town Convention, (ii) the Aircraft Protocol, (iii) all rules and regulations adopted pursuant thereto and as in effect in the United States and (iv) with respect to each of the foregoing described in clauses (i) through (iii), all amendments, supplements and revisions thereto as in effect in the United States.

“**Certificated Air Carrier**” means an air carrier holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49, United States Code, for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of Section 1110.

“**Citizen of the United States**” has the meaning specified for such term in Section 40102(a)(15) of Title 49 of the United States Code or any similar legislation of the U.S. enacted in substitution or replacement therefor.

“**Claim**” or “**Claims**” means any and all liabilities, obligations, losses, damages, penalties, claims, costs, actions or suits of whatsoever kind and nature (whether or not on the basis of negligence, strict or absolute liability or liability in tort) and, except as otherwise expressly provided, shall include all reasonable costs, disbursements and expenses (including reasonable legal fees and expenses) in connection therewith or related thereto.

“**Closing**” has the meaning set forth in Section 3 of the Participation Agreement.

“**Code**” means the U.S. Internal Revenue Code of 1986, as currently in effect or hereafter amended.

“**Confidential Information**” means the provisions of, and all matters relating to, the Lease (other than any portions of the Lease recorded with the FAA and available for public inspection), the Participation Agreement and the other Operative Documents including, without limitation, (i) the existence and terms of any sublease of the Airframe or Engines pursuant to Section 7(b) of the Lease and the identity of the Permitted Sublessee thereunder (other than any portions of any sublease recorded with the FAA and available for public inspection); (ii) all information obtained in connection with any inspection conducted pursuant to Section 12(a) or 12(b) of the Lease or obtained from Lessee in electronic form pursuant to Section 12(c) of the Lease; (iii) each certification furnished pursuant to Section 11(a) and Section 11(b) of the Lease; and (iv) all information contained in each report furnished pursuant to Section 11(e) of the Lease.

“**Conflict Opinion**” has the meaning set forth in Section 7.1.5 of the Participation Agreement.

“**CRAF Program**” means the Civil Reserve Air Fleet Program authorized under 10 U.S.C. §9511 et seq. or any similar or substitute program under the laws of the United States.

“**Delivery Date**” has the meaning specified in Lease Supplement No. 1.

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

“**Dollars**” and “**\$**” mean the lawful currency of the United States of America.

“**EASA**” means the European Aviation Safety Agency of the European Union and any successor agency.

“**Engine**” means (i) each of the engines listed by manufacturer’s serial numbers in Lease Supplement No. 1, whether or not from time to time installed on the Airframe or installed on any other airframe or on any other aircraft; (ii) any Replacement Engine which may from time to time be substituted, pursuant to the Return Conditions or Sections 8(d) or 10(d) of the Lease, for an Engine leased under the Lease; and (iii) any and all Parts incorporated or installed in or attached to such Engine or Replacement Engine or any and all Parts removed from such Engine or Replacement Engine so long as title thereto shall remain vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from such Engine or Replacement Engine, but in each case, except any Excluded Equipment. Except as otherwise set forth in the Lease, at such time as a Replacement Engine shall be so substituted, the replaced Engine shall cease to be an Engine. The term “Engines” also means, as of any date of determination, all Engines then leased under the Lease.

“**Engine Manufacturer**” means [NAME OF ENGINE MANUFACTURER].

[“**Engine Warranty Agreement**” means that certain Engine Warranty Agreement, dated as of the Delivery Date, between Lessee, Lessor and Engine Manufacturer, in form and substance satisfactory to the parties thereto.]¹

“**ERISA**” means the Employee Retirement Income Security Act of 1974 and the regulations promulgated and rulings issued thereunder.

“**Event of Default**” has the meaning set forth in Section 14 of the Lease.

“**Event of Loss**” with respect to any property means any of the following events with respect to such property:

(i) loss of such property or the use thereof due to theft, disappearance, destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;

(ii) any damage to such property that results in an insurance settlement with respect to such property on the basis of a total loss or a compromised or constructive total loss;

(iii) the condemnation, confiscation or seizure of, or requisition of title to or use of, such property (other than a requisition for use of the Aircraft, the Airframe or any Engine by the U.S. government or any agency or instrumentality thereof which shall not have resulted in loss of possession of such property for a period continuing beyond the end of the Term) which, in the case of any event referred to in this clause (other than requisition of title), shall have resulted in the loss of possession of such property by Lessee (or any Permitted Sublessee) for a period in excess of 120 consecutive days or a shorter period that ends on or after the last day of the Term (in which event the Event of Loss pursuant to this clause (iii) shall be deemed to have occurred on the last day of the Term);

(iv) as a result of any rule, regulation, order or other action by the FAA, the Department of Transportation or other governmental body of the U.S. or other country of registry of the Aircraft having jurisdiction, the use of such property in the normal course of passenger air transportation shall have been prohibited for a period of six consecutive months, unless Lessee (or any Permitted Sublessee), prior to the expiration of such six-month period, shall have undertaken and shall be diligently carrying forward all steps which in its judgment are necessary or desirable to permit the normal use of such property by Lessee (or any Permitted Sublessee) or, in any event, if such use shall have been prohibited for a period of twelve consecutive months; or

(v) the operation or location of the Aircraft, while under requisition for use by the U.S. government, in any area excluded from coverage by any insurance policy in

¹ Include if applicable.

effect with respect to the Aircraft required by the terms of Section 11 of the Lease, if Lessee shall be unable to obtain indemnity or insurance in lieu thereof from the U.S. government;

provided that if such property shall be returned to Lessee in usable condition after the occurrence of an event described in clause (i), (iii) or (v) above but prior to the date on which Stipulated Loss Value would be payable pursuant to Section 10(a) of the Lease, then such event shall, at the option of Lessee, not constitute an Event of Loss.

“**Exchange Act**” means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder.

“**Excluded Equipment**” means (i) defibrillators, enhanced emergency medical kits and other medical and emergency equipment, (ii) airphones and other components or systems installed on or affixed to the Airframe that are used to provide individual telecommunications or electronic entertainment or services to passengers aboard the Aircraft, (iii) branded passenger convenience or service items, and (iv) cargo containers.

“**Export Administration Regulations**” means the United States Export Administration Regulations, 15 C.F.R. §§ 730-774, as amended, modified or supplemented from time to time, and any successor thereto.

“**FAA**” or “**Federal Aviation Administration**” means the Federal Aviation Administration of the U.S. and any successor governmental authority.

“**FAA Bill of Sale**” means the bill of sale for the Aircraft on Federal Aviation Administration AC Form 8050-2 executed by the Manufacturer in favor of Owner Trustee.

“**Fair Market Rental Value**” means the rental value which could be obtained in an arm’s-length transaction between an informed and willing lessee under no compulsion to lease and an informed and willing lessor in possession under no compulsion to lease, assuming that the Aircraft is unencumbered by the Lease and is in the condition required thereby; provided that, in determining such value under Section 15 of the Lease, the Aircraft shall be valued on an “as-is, where-is” basis, taking into account customary brokerage and other reasonable costs and out-of-pocket expenses that would be typically incurred in connection with the re-letting of equipment such as the Airframe, Engines or any Part thereof. Such value shall be determined by mutual written agreement between Lessor and Lessee or, in the absence of mutual written agreement, pursuant to an Independent Appraisal, except in determining such value under Section 15 of the Lease, such value shall be determined by Independent Appraisal as provided therein.

“**Fair Market Sales Value**” means the sales value which could be obtained in an arm’s-length transaction between an informed and willing purchaser under no compulsion to purchase and an informed and willing seller in possession under no compulsion to sell, assuming that the Aircraft is unencumbered by the Lease and is in the condition required thereby; provided that, in determining such value under Section 15 of the Lease, the Aircraft shall be valued on an “as-is, where-is” basis, taking into account customary brokerage and other reasonable costs and

out-of-pocket expenses that would be typically incurred in connection with the sale of equipment such as the Airframe, Engines or any Part thereof. Such value shall be determined by mutual written agreement between Lessor and Lessee or, in the absence of mutual written agreement, pursuant to an Independent Appraisal, except in determining such value under Section 15 of the Lease, such value shall be determined by Independent Appraisal as provided therein.

“**Indemnified Person**” means Owner Trustee, Trust Company and Owner Participant (including, for this purpose, a Person identified in writing to Lessee by Owner Participant who manages or services Owner Participant’s interest in the Trust Estate) and each Back-Leveraging Indemnified Person that has been added as an “Indemnified Person” in a consent and acknowledgment described in Section 8.3.2(b) of the Participation Agreement and their respective officers, directors, servants, agents, successors and permitted assigns, but excluding any such Person in its capacity as the manufacturer, supplier or subcontractor of the Aircraft, Airframe or Engines or any Part and any officer, director, servant, agent, successor or permitted assign of such Person in such capacity.

“**Independent Appraisal**” means an appraisal mutually agreed to by two nationally recognized independent aircraft appraisers, one of which appraisers shall be chosen by Lessor and one by Lessee, or, if such appraisers cannot agree on such appraisal, an appraisal arrived at by a third nationally recognized independent aircraft appraiser chosen by the mutual consent of such two appraisers; provided that if either party shall fail to appoint a nationally recognized independent aircraft appraiser within 15 days after a written request to do so by the other party, the “Independent Appraisal” shall be the appraisal rendered by the appraiser that has been appointed; provided, further, that if both Lessor and Lessee appoint nationally recognized independent aircraft appraisers but such appraisers cannot agree on an appraisal and fail to appoint a third nationally recognized independent aircraft appraiser within 20 days after the date of the appointment of the second of such appraisers, then either party may apply to the American Arbitration Association to make such appointment. In the event such third independent appraiser shall be chosen to provide such appraisal, unless the parties agree otherwise, such appraisal shall be required to be made within 20 days of such appointment. Notwithstanding the foregoing, if an Independent Appraisal is used to determine the Fair Market Rental Value for the purposes of Section 21 of the Lease, the time periods set forth in the two preceding sentences shall be shortened to the extent necessary to allow the Fair Market Rental Value to be determined within 30 days after Lessee provides its revocable notice of its intent to renew the Lease pursuant to Section 21 of the Lease. Notwithstanding the foregoing, if an Independent Appraisal is used to determine the Fair Market Rental Value and/or Fair Market Sales Value for the purposes of Section 15 of the Lease, an Independent Appraisal shall be an appraisal prepared by Ascend Worldwide Limited, BK Associates, Inc., AVITAS, Inc. or another nationally recognized independent aircraft appraiser chosen in good faith by Owner Participant. The fees and expenses of appraisers for an Independent Appraisal, whenever undertaken pursuant to the Lease, shall be borne equally by Lessor and Lessee, and Lessor and Lessee each shall separately bear any fees, costs and expenses of its respective attorneys and experts (other than the appraisers referred to above) incurred in connection with such Independent Appraisal, except that the costs of an Independent Appraisal undertaken pursuant to Section 15 of the Lease shall be for the account of Lessee.

“**Inspecting Party**” has the meaning set forth in Section 12(a) of the Lease.

“**Insurance Threshold Amount**” has the meaning set forth in Schedule A to the Participation Agreement.

“**International Interest**” has the meaning ascribed to the defined term “international interest” under the Cape Town Treaty.

“**International Registry**” means the international registry established pursuant to the Cape Town Treaty.

“**Investment Company Act**” means the Investment Company Act of 1940, and the rules and regulations promulgated thereunder.

“**Law**” means and includes (a) any statute, decree, constitution, regulation, order, judgment or other directive of any governmental authority; (b) any treaty, pact, compact or other agreement to which any governmental authority is a signatory or party; (c) any judicial or administrative interpretation or application of any Law described in (a) or (b) above; and (d) any amendment or revision of any Law described in (a), (b) or (c) above.

“**Lease**” or “**Lease Agreement**” means that certain Lease Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR], between Lessor and Lessee.

“**Lease Expiry Date**” means the [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] anniversary of the Delivery Date.

“**Lease Period**” means the period commencing on and including each Lease Period Date and ending on and including (i) the day immediately preceding the next subsequent Lease Period Date, (ii) the Lease Expiry Date, in the case of final Lease Period during the Basic Term, or (iii) the last day of any Renewal Term, in the case of the final Lease Period during such Renewal Term.

“**Lease Period Date**” means, during the Basic Term or any Renewal Term, each date specified in Schedule A to Lease Supplement No. 1.

“**Lease Supplement**” means (i) Lease Supplement No. 1 and (ii) any other supplement to the Lease Agreement from time to time executed and delivered in connection with one or more Replacement Engines.

“**Lease Supplement No. 1**” means a lease supplement, substantially in the form of Exhibit A to the Lease, entered into between Lessor and Lessee on the Delivery Date for the purpose of subjecting the Aircraft to the Lease.

“**Lessee**” means American Airlines, Inc., a Delaware corporation.

“**Lessor**” means Owner Trustee as lessor under the Lease.

“**Lessor’s Liens**” means any Lien on or relating to or affecting the Aircraft, the Airframe, any Engine or any Part, title thereto or any interest therein, the Lease or the Trust Estate arising as a result of:

- (i) Claims against or affecting Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, not related to ownership of the Aircraft or the transactions contemplated by the Lease and the other Operative Documents;
- (ii) acts or omissions of Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, not related to the transactions contemplated by, or not expressly provided for under the terms of, the Lease and the other Operative Documents;
- (iii) Taxes or Claims imposed against Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, which are not indemnified against by Lessee pursuant to Section 7.1, 7.2 or 7.3 of the Participation Agreement; or
- (iv) Taxes or Claims imposed against Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, arising out of any voluntary or involuntary Transfer (other than pursuant to the Return Conditions or Section 8 or 10 of the Lease or pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing) by Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, of its respective interest in the Aircraft, the Airframe, any Engine, any Part, any Obsolete Part, the Trust Estate, Rent or any interest arising under any Operative Document, including, without limitation, by means of granting a security interest therein;

provided that an arrangement expressly permitted by Section 8.3 of the Participation Agreement shall not constitute a Lessor’s Lien so long as such arrangement remains compliant with Section 8.3 of the Participation Agreement.

“**LIBOR**” means, with respect to any Rent payment not paid when due, the rate for deposits in Dollars for a period of one month which appears on the Reuters Screen LIBOR01 Page as of 11:00 A.M., London time, two London Banking Days prior to the date such Rent payment came due. If such rate does not appear on the Reuters Screen LIBOR01 Page, the rate will be determined on the basis of the rates at which deposits in Dollars are offered by the principal London offices of the Reference Banks at approximately 11:00 A.M., London time, on the date two London Banking Days prior to the date such Rent payment came due to prime banks in the London interbank market for a period of one month commencing on such date and in an amount of \$10,000,000. Lessor will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for such overdue Rent payment will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such overdue Rent payment will be the arithmetic mean of the rates quoted by major banks in New York City, selected by Lessor, at

approximately 11:00 A.M., New York City time, on the date two London Banking Days prior to the date such Rent payment came due for loans in Dollars to leading European banks for a period of one month commencing on such date and in an amount of \$10,000,000.

“**Lien**” means any mortgage, pledge, lien, charge, encumbrance, lease, conditional sale or security interest.

“**London Banking Day**” means any day on which commercial banks are not authorized or required to close in London, England and which is also a day on which dealings in U.S. Dollar deposits are carried out in the London Interbank market.

“**Loss Payee**” means Lessor, except as otherwise provided in a consent and acknowledgment described in Section 8.3.2(b) of the Participation Agreement.

“**Loss Payment Date**” has the meaning specified in Section 10(a) of the Lease.

“**Maintenance Program**” has the meaning specified in Section 7(a)(ii) of the Lease.

“**Manufacturer**” means Airbus S.A.S.

“**Marketing Inspection**” has the meaning specified in Section 12(b) of the Lease.

“**Moody’s**” means Moody’s Investors Services, Inc. (or any successor thereto that is a nationally recognized statistical rating organization).

“**MPD**” means the maintenance planning document published by the Manufacturer and applicable to the Aircraft, as revised from time to time.

“**New Owner Participant**” has the meaning set forth in Section 8.1 of the Participation Agreement.

“**New Owner Trustee**” has the meaning set forth in Section 8.1 of the Participation Agreement.

“**Obsolete Parts**” has the meaning specified in Section 8(c) of the Lease.

“**Operative Documents**” means the Lease, the Participation Agreement, the Trust Agreement[, the Engine Warranty Agreement]² and any Owner Participant Guarantee.

“**Overdue Rate**” means, as at any date of determination, an interest rate equal to [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] per annum plus the applicable LIBOR, calculated on the basis of a 360-day year and the number of actual days elapsed.

² Include if applicable.

“**Owner Participant**” means [Name of Owner Participant], a [jurisdiction] [type of entity].

“**Owner Participant Guarantee**” means [(i) for so long as [Name of Owner Participant] is the Owner Participant, the Guarantee ([YEAR] MSN [MSN]), dated as of [], by [Name of Owner Participant Guarantor], and (ii) otherwise,]³ an absolute and unconditional guarantee by the applicable Owner Participant Guarantor, substantially in the form of Exhibit G to the Participation Agreement or, otherwise, in form and substance reasonably satisfactory to Lessee, delivered pursuant to Section 8.2(a)(ii) of the Participation Agreement.

“**Owner Participant Guarantor**” [(i) with respect to the period during which [Name of Owner Participant] is Owner Participant under the Operative Documents, means [Name of Owner Participant Guarantor] and (ii)]⁴ with respect to the period during which any Transferee is Owner Participant under the Operative Documents, has the meaning set forth in Section 8.2.(a)(ii) of the Participation Agreement.

“**Owner Trustee**” means (i) Wells Fargo Bank Northwest, National Association, a national banking association, not in its individual capacity, but solely in its capacity as owner trustee under the Trust Agreement, or (ii) if Wells Fargo Bank Northwest, National Association is not then serving as Owner Trustee under the Trust Agreement, the successor Owner Trustee under the Trust Agreement.

“**Participation Agreement**” means that certain Participation Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR], among Lessee, Owner Trustee, Trust Company and Owner Participant.

“**Parts**” means any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (i) complete Engines or engines and (ii) any Excluded Equipment), so long as the same are incorporated or installed in or attached to the Airframe or any Engine or so long as title thereto remains vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from the Airframe or any Engine.

“**Permitted Country**” means each of the countries listed in Schedule A to the Participation Agreement.

“**Permitted Investment**” means each of the following:

(i) direct obligations of the U.S. and agencies thereof;

(ii) obligations fully guaranteed by the U.S.;

³ Include if there will be an Owner Participant Guarantee for the initial Owner Participant.

⁴ Include if there will be an Owner Participant Guarantee for the initial Owner Participant.

- (iii) certificates of deposit issued by, or bankers acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the U.S. or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000, and having a rating of A, its equivalent or better by Moody's or S&P (or if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States);
- (iv) commercial paper of any holding company of a bank, trust company or national banking association described in clause (iii);
- (v) bearer note deposits with, or certificates of deposit issued by, or promissory notes of, any subsidiary incorporated under the laws of Canada (or any province thereof) of any bank, trust company or national banking association described in clause (iii), (viii) or (ix);
- (vi) commercial paper of companies having a rating assigned to such commercial paper by Moody's or S&P (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States) equal to either of the two highest ratings assigned by such organization;
- (vii) U.S. dollar-denominated certificates of deposit issued by, or time deposits with, the European subsidiaries of (A) any bank, trust company or national banking association described in clause (iii) or (B) any other bank described in clause (viii) or (ix);
- (viii) U.S.-issued Yankee certificates of deposit issued by, or bankers acceptances of, or commercial paper issued by, any bank having combined capital and surplus and retained earnings of at least \$100,000,000 and headquartered in Canada, Japan, the United Kingdom, France, Germany, Switzerland or The Netherlands;
- (ix) U.S. dollar-denominated time deposits with any Canadian bank having a combined capital and surplus and retained earnings of at least \$100,000,000 and having a rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States);
- (x) Canadian Treasury Bills fully hedged to U.S. dollars;
- (xi) repurchase agreements with any financial institution having combined capital and surplus and retained earnings of at least \$100,000,000 collateralized by transfer of possession of any of the obligations described in clauses (i) through (x) above; and
- (xii) money market mutual funds that are registered with the Security and Exchange Commission under the Investment Company Act and operated in accordance with Rule 2a-7 and that at the time of such investment are rated "Aaa" by Moody's and/or "AAA" by S&P.

“**Permitted Lien**” has the meaning specified in Section 6 of the Lease.

“**Permitted Sublessee**” means:

(i) the Manufacturer or Engine Manufacturer (or any Affiliate of either thereof);

(ii) any Certificated Air Carrier;

(iii) any foreign air carrier that is principally based in and a domiciliary of a Permitted Country, if, at the time Lessee enters into a sublease with such foreign air carrier, Lessor receives an opinion from counsel to Lessee (which counsel shall be reasonably satisfactory to Lessor) to the effect that:

(A) all filing, recording and other action necessary to perfect and protect Lessor’s rights and interests in and to the Aircraft and the Lease has been accomplished;

(B) there exist no possessory rights in favor of such sublessee under the laws of such sublessee’s country which would, upon bankruptcy or insolvency of or other default by Lessee and assuming that at the time of such bankruptcy, insolvency or other default by Lessee, such sublessee is not insolvent or bankrupt, prevent the return of an Engine or the Airframe and each Engine or engine subject to such sublease to Lessor in accordance with and when permitted by the terms of Sections 14 and 15 of the Lease upon the exercise by Lessor of its remedies under Section 15 of the Lease; and

(C) the terms of the Lease are legal, valid, binding and enforceable in the country in which such foreign air carrier is principally based (subject to customary exceptions); or

(iv) any foreign air carrier not described in clause (iii) above consented to in writing by Lessor (such consent not to be unreasonably withheld);

provided that in the case of any such foreign air carrier referred to in clause (iii) or (iv) above (other than a foreign air carrier principally based in Taiwan), the U.S. maintains full diplomatic relations with the country in which such foreign air carrier is principally based at the time such sublease is entered into.

“**Person**” means any individual person, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization or government.

“**Qualifying Institution**” has the meaning specified in Section 8.2(a)(ii) of the Participation Agreement.

“**Reference Banks**” means Citibank, JP Morgan Chase Bank, Deutsche Bank, and such other or additional banking institutions as may be designated from time to time by mutual agreement of Lessee and Lessor.

“**Reference Stipulated Loss Value Determination Date**” means (i) with respect to Section 10 of the Lease, the Stipulated Loss Value Determination Date on or immediately preceding the Loss Payment Date, (ii) with respect to Section 15(c) of the Lease, the Stipulated Loss Value Determination Date on or immediately preceding the Specified Payment Date and (iii) with respect to Section 15(d) of the Lease, the Stipulated Loss Value Determination Date on or immediately preceding the Sale Date.

“**Related Aircraft**” means any aircraft that is a “Leased Aircraft” (as defined in the American/Airbus Purchase Agreement) other than the Aircraft.

“**Related Lease**” means, as of any date of determination, any aircraft lease agreement in substantially the form of the Lease Agreement with respect to any Related Aircraft between Lessee, as lessee, and Wells Fargo Bank Northwest, National Association, as owner trustee (or a successor trust company or any other bank or trust company pursuant to a “Trust Transfer” with respect to such aircraft lease agreement), as lessor, provided that, as of such date, the “Owner Participant” with respect to such aircraft lease agreement and Owner Participant with respect to the Lease Agreement are identical or are Affiliates and the further conditions in both of the following clauses (A) and (B) are satisfied: (A) with respect to such aircraft lease agreement, either (x) Owner Participant is and has been the “Owner Participant” since the inception of such aircraft lease agreement or [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED] and (B) with respect to the Lease Agreement, Owner Participant is and has been [name of initial Owner Participant] since the inception of the Lease Agreement.

“**Related Indemnitee Group**” with respect to any Indemnified Person, subject to Section 8.3.2(a) of the Participation Agreement, means each of such Indemnified Person’s officers, directors, servants, agents, successors and permitted assigns.

“**Renewal Term**” has the meaning set forth in Section 21 of the Lease.

“**Rent**” means Basic Rent and Supplemental Rent.

“**Replaced Engine**” has the meaning set forth in Section 8(d)(i) of the Lease.

“**Replacement Engine**” means an engine of the same make and model as the Replaced Engine (or engine of the same or another manufacturer of a comparable or an improved model and suitable for installation and use on the Airframe and compatible with the other Engine) which shall have been substituted under the Lease pursuant to the Return Conditions or Sections 8(d), or 10(d) of the Lease, together with all Parts relating to such engine, but in each case excluding any Excluded Equipment.

“**Re-registration Conditions**” means the terms and conditions set forth in Schedule B to the Participation Agreement.

“**Responsible Officer**” means, with respect to Lessee, its Chairman of the Board, its President, any Executive Vice President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary or any other management employee (i) whose power to take the action in question has been authorized, directly or indirectly, by the Board of Directors of Lessee, (ii) working under the supervision of any such Chairman of the Board, President, Executive Vice President, Senior Vice President, Chief Financial Officer, Vice President, Treasurer or Secretary and (iii) whose responsibilities include the administration of the transactions and agreements contemplated by the Lease and other Operative Documents.

“**Return Conditions**” means the return conditions set forth in Annex B to the Lease.

“**Return Date**” has the meaning set forth in Annex B to the Lease.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (or any successor thereto that is a nationally recognized statistical rating organization).

“**Sale**” has the meaning ascribed to the term “sale” in the Cape Town Treaty.

“**Sale Date**” has the meaning specified in Section 15(d) of the Lease.

“**Section 1110**” means Section 1110 of the United States Bankruptcy Code of 1978 (11 U.S.C. § 1110).

“**Securities Act**” means the Securities Act of 1933, and the rules and regulations promulgated thereunder.

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“**Specified Payment Date**” has the meaning set forth in Section 15(c) of the Lease.

“**Specified Persons**” means Owner Trustee, Trust Company, Owner Participant and, to the extent provided in Section 8.3 of the Participation Agreement, each Back-Leveraging Indemnified Person. that has been added as an “Indemnified Person” in a consent and acknowledgment described in Section 8.3.2(b) of the Participation Agreement.

“**Stipulated Loss Value**” with respect to the Aircraft means (i) during the Basic Term, the amount set forth in Schedule B to Lease Supplement No. 1 opposite the Stipulated Loss Value Determination Date that is the Reference Stipulated Loss Value Determination Date and (ii) during any Renewal Term, the amount determined as provided in Section 21 of the Lease applicable to the Stipulated Loss Value Determination Date that is the Reference Stipulated Loss Value Determination Date.

“**Stipulated Loss Value Determination Date**” means (i) during the Basic Term, each date specified in Schedule B to Lease Supplement No. 1 and (ii) during any Renewal Term, each Lease Period Date occurring during such Renewal Term.

“**Sublease Period**” means any period during which a sublease permitted by the terms of the Lease is in effect.

“**Successor**” has the meaning set forth in Section 6.1.3(a) of the Participation Agreement.

“**Supplemental Rent**” means all amounts (other than Basic Rent) which Lessee agrees to pay to Lessor, Owner Participant or any other Indemnified Person or Tax Indemnitee pursuant to any Operative Document, including without limitation payments of Stipulated Loss Value and indemnities payable under Sections 7.1 and 7.2 of the Participation Agreement.

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

“**Tax Indemnitee**” means Lessor, Owner Trustee, Trust Company, Owner Participant and each Back-Leveraging Indemnified Person that has been added as a “Tax Indemnitee” in a consent and acknowledgment described in Section 8.3.2(b) of the Participation Agreement (including any security trustee that has been so added) and their respective officers, directors, servants, agents, successors and permitted assigns, and, with respect to any Tax imposed on a consolidated or combined group of companies of which Lessor, Owner Trustee, Trust Company, Owner Participant or any such Back-Leveraging Indemnified Person is a member, such group and any member thereof, but excluding any such Person in its capacity as the manufacturer, supplier or subcontractor of the Aircraft, Airframe or Engines or any Part and any officer, director, servant, agent, successor or permitted assign of such Person in such capacity.

“**Term**” means the Basic Term and, if actually entered into, any Renewal Term.

“**Transfer**” means an offer, sale, assignment, transfer, participation, conveyance or other disposition.

“**Transferee**” has the meaning set forth in Section 8.2(a)(i)(A) of the Participation Agreement.

“**Transportation Code**” means that portion of Title 49 of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, as amended.

“**Trust**” means the trust created under the Trust Agreement.

“**Trust Agreement**” means that certain Trust Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR], between Owner Participant and Trust Company.

“**Trust Company**” means (i) Wells Fargo Bank Northwest, National Association, a national banking association, in its individual capacity, or (ii) if such Wells Fargo Bank Northwest, National Association is not then serving as Owner Trustee under the Trust Agreement, the entity serving as Owner Trustee, in its individual capacity.

“**Trust Estate**” means all estate, right, title and interest of Owner Trustee in and to the Aircraft, the Participation Agreement, the Lease and the other Operative Documents, including, without limitation, all amounts of Basic Rent, Supplemental Rent, insurance proceeds (other than any insurance proceeds payable under liability policies to or for the benefit of Trust Company, for its own account or in its individual capacity, or to Owner Participant) and requisition, indemnity or other payments of any kind for or with respect to the Aircraft including, without limitation, any and all payments and proceeds received by Owner Trustee after the termination of the Lease with respect to the Aircraft resulting from the sale, lease or other disposition thereof.

“**Trust Indenture Act**” means the Trust Indenture Act of 1939.

“**Trust Transfer**” has the meaning set forth in Section 8.1 of the Participation Agreement.

“**UCC**” means the Uniform Commercial Code, as in effect in any applicable jurisdiction.

“**U.S.**” or “**United States**” means the United States of America.

“**Warranty Bill of Sale**” means the warranty (as to title) bill of sale with respect to the Aircraft executed by the Manufacturer in favor of Owner Trustee.

[FORM OF LEASING LETTER]

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FORM OF LEASE AGREEMENT

FORM OF TRUST AGREEMENT

FORM OF PARTICIPATION AGREEMENT

FORM OF DEFINITIONS ANNEX

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EXHIBIT F

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SCHEDULE I

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PART A – [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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EXHIBIT H

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EXHIBIT H

**ANNEX A
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[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(b) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

EXHIBIT J

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(a) [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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.

Amendment No. 1
to the
A320 Family Aircraft Purchase Agreement
made of July 20, 2011
between
AIRBUS S.A.S.
and
AMERICAN AIRLINES, INC.

This Amendment No. 1 to the A320 Family Aircraft Purchase Agreement made July 20, 2011 (hereinafter referred to as the “**Amendment**”), is entered into as of January 11, 2013, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, United States of America (the “**Buyer**”).

WITNESSETH:

WHEREAS, the Buyer and the Seller entered into an Airbus A320 Aircraft Family Purchase Agreement, made July 20, 2011 which, together with all Exhibits, Appendices and Letter Agreements attached thereto, is hereinafter called the “**Agreement**.”

WHEREAS, the Buyer and the Seller wish to modify certain provisions of the Agreement as set forth in this Amendment.

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.

1 DEFINITIONS

Clause 0 to the Agreement is amended to modify the following defined term as set forth between the words “QUOTE” and “UNQUOTE”:

QUOTE

Delivery Location –the facilities of the Seller at the location of final assembly of the Aircraft, which will be located in Hamburg, Germany, Toulouse, France, Mobile, Alabama or another location mutually agreed by the Buyer and the Seller in writing.

UNQUOTE

2 SCHEDULE I

Schedule I to the Agreement is deleted in its entirety and replaced with the Schedule I attached hereto in Appendix I which reflects (i) the addition of a unique identification number (the “CAC ID No.”) corresponding to each Aircraft, (ii) Scheduled Delivery Months that have been notified by the Seller to the Buyer as of the date of this Amendment and (iii) [****]

3 ENGINE SELECTION

Clause 2.4.7 of the Agreement is deleted in its entirety and replaced by the following quoted text:

QUOTE

2.4.7 The Buyer will notify the Seller of its choice of:

- (i) A319 Propulsion System, A320 Propulsion System and A321 Propulsion System by November 30, 2011, and
- (ii) A319 NEO Propulsion System, A320 NEO Propulsion System and A321 NEO Propulsion System by January 31, 2013.

UNQUOTE

4 CHAPTER 11 CASES

4.1 The Seller acknowledges that the Buyer is a debtor in possession under chapter 11 of the United States Bankruptcy Code (the “**Bankruptcy Code**”) in the cases styled “In re AMR Corporation, et al.” pending in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”), case no. 11-15643 (SHL) (Jointly Administered) (the “**Chapter 11 Cases**”). The Buyer, and certain of its debtor affiliates, commenced the Chapter 11 Cases on November 29, 2011 (the “**Commencement Date**”).

The Seller agrees that notwithstanding the date this Amendment is executed, this Amendment does not constitute an assumption of the Agreement or entry into a new postpetition agreement unless and until the Bankruptcy Court enters an order approving assumption of the Agreement (as amended hereby) (the “**Assumption Order**”). Accordingly, notwithstanding anything to the contrary set forth in this Amendment, the parties agree that the Agreement (as amended hereby) will only be deemed assumed, pursuant to section 365 of the Bankruptcy Code, on the first date upon which the Assumption Order has been entered on the docket of the Bankruptcy Court and the Assumption Order is in full force and effect and is not, in any way, stayed as to its effectiveness, including by order of the Bankruptcy Court or otherwise (the “**Assumption Date**”).

The Buyer agrees to provide to the Seller a draft of the motion to assume the Agreement (as amended hereby) and related proposed form of the Assumption Order no later than three (3) days prior to the Buyer’s intended filing thereof with the Bankruptcy Court, and the Buyer further agrees that the motion and form of the Assumption Order will be in form and substance reasonably satisfactory to the Seller.

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.2 The Buyer hereby represents and warrants to the Seller that, [****]
The Buyer covenants and agrees with the Seller that [****]

[****]

[****]

[****]

[****]

4.3 As of the Assumption Date, the Seller [****]

5 EFFECT OF THE AMENDMENT

5.1 Except for the provisions of Clauses 4, 5, 6, 7, and 8 of this Amendment that are effective, binding, and enforceable upon execution by the parties of this Amendment, all rights, obligations, and agreements of the parties set forth herein will become effective, binding, and enforceable on the Assumption Date.

5.2 The Agreement, as amended by this Amendment as of the Assumption Date, contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous understanding, commitments or representations whatsoever, whether oral or written between the Buyer and the Seller.

5.3 The Agreement, as of the Assumption Date, will be deemed amended to the extent provided in this Amendment and, except as specifically amended hereby, will continue in full force and effect in accordance with its original terms. Both parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement and be governed by the provisions of the Agreement, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

6 CONFIDENTIALITY

Each of 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, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent to (i) the Official Committee of Unsecured Creditors (excluding Boeing Capital Corporation) and/or its professional advisors retained in the Chapter 11 Cases in accordance with the terms of the Stipulated Protective Order Pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018 Establishing Procedures for the Protection of Confidential Information Provided by the Debtors to the Official Committee of Unsecured Creditors entered by the Bankruptcy Court on January 27, 2012 [Docket No. 891], (ii) the Bankruptcy Court, (iii) counsel and advisors for the Ad Hoc Group of AMR Corporation Creditors identified in that certain "Motion for Approval of 'Fee Letter' to Pay Certain Work Fees and Expenses of Professionals Employed by the Ad Hoc Group of AMR Corporation Creditors" filed with the Bankruptcy Court on August 29, 2012, (iv) as required by law or as necessary in connection with the enforcement of such party's rights hereunder, and (v) the board of directors, managers, employees, auditors, and legal, financial and technical advisors of each party.

7 GOVERNING LAW

THIS AMENDMENT AND THE AGREEMENTS CONTEMPLATED HEREIN WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE PROVISIONS OF CLAUSE 22.6 OF THE AGREEMENT.

8 COUNTERPARTS

This Amendment has been executed in two (2) original copies.

Notwithstanding the foregoing, this Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered 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: Vice President

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
1	[****]	[****]	[****]
2	[****]	[****]	[****]
3	[****]	[****]	[****]
4	[****]	[****]	[****]
5	[****]	[****]	[****]
6	[****]	[****]	[****]
7	[****]	[****]	[****]
8	[****]	[****]	[****]
9	[****]	[****]	[****]
10	[****]	[****]	[****]
11	[****]	[****]	[****]
12	[****]	[****]	[****]
13	[****]	[****]	[****]
14	[****]	[****]	[****]
15	[****]	[****]	[****]
16	[****]	[****]	[****]
17	[****]	[****]	[****]
18	[****]	[****]	[****]
19	[****]	[****]	[****]
20	[****]	[****]	[****]
21	[****]	[****]	[****]
22	[****]	[****]	[****]
23	[****]	[****]	[****]
24	[****]	[****]	[****]
25	[****]	[****]	[****]
26	[****]	[****]	[****]
27	[****]	[****]	[****]
28	[****]	[****]	[****]
29	[****]	[****]	[****]
30	[****]	[****]	[****]
31	[****]	[****]	[****]
32	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
33	[****]	[****]	[****]
34	[****]	[****]	[****]
35	[****]	[****]	[****]
36	[****]	[****]	[****]
37	[****]	[****]	[****]
38	[****]	[****]	[****]
39	[****]	[****]	[****]
40	[****]	[****]	[****]
41	[****]	[****]	[****]
42	[****]	[****]	[****]
43	[****]	[****]	[****]
44	[****]	[****]	[****]
45	[****]	[****]	[****]
46	[****]	[****]	[****]
47	[****]	[****]	[****]
48	[****]	[****]	[****]
49	[****]	[****]	[****]
50	[****]	[****]	[****]
51	[****]	[****]	[****]
52	[****]	[****]	[****]
53	[****]	[****]	[****]
54	[****]	[****]	[****]
55	[****]	[****]	[****]
56	[****]	[****]	[****]
57	[****]	[****]	[****]
58	[****]	[****]	[****]
59	[****]	[****]	[****]
60	[****]	[****]	[****]
61	[****]	[****]	[****]
62	[****]	[****]	[****]
63	[****]	[****]	[****]
64	[****]	[****]	[****]
65	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
66	[****]	[****]	[****]
67	[****]	[****]	[****]
68	[****]	[****]	[****]
69	[****]	[****]	[****]
70	[****]	[****]	[****]
71	[****]	[****]	[****]
72	[****]	[****]	[****]
73	[****]	[****]	[****]
74	[****]	[****]	[****]
75	[****]	[****]	[****]
76	[****]	[****]	[****]
77	[****]	[****]	[****]
78	[****]	[****]	[****]
79	[****]	[****]	[****]
80	[****]	[****]	[****]
81	[****]	[****]	[****]
82	[****]	[****]	[****]
83	[****]	[****]	[****]
84	[****]	[****]	[****]
85	[****]	[****]	[****]
86	[****]	[****]	[****]
87	[****]	[****]	[****]
88	[****]	[****]	[****]
89	[****]	[****]	[****]
90	[****]	[****]	[****]
91	[****]	[****]	[****]
92	[****]	[****]	[****]
93	[****]	[****]	[****]
94	[****]	[****]	[****]
95	[****]	[****]	[****]
96	[****]	[****]	[****]
97	[****]	[****]	[****]
98	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
99	[****]	[****]	[****]
100	[****]	[****]	[****]
101	[****]	[****]	[****]
102	[****]	[****]	[****]
103	[****]	[****]	[****]
104	[****]	[****]	[****]
105	[****]	[****]	[****]
106	[****]	[****]	[****]
107	[****]	[****]	[****]
108	[****]	[****]	[****]
109	[****]	[****]	[****]
110	[****]	[****]	[****]
111	[****]	[****]	[****]
112	[****]	[****]	[****]
113	[****]	[****]	[****]
114	[****]	[****]	[****]
115	[****]	[****]	[****]
116	[****]	[****]	[****]
117	[****]	[****]	[****]
118	[****]	[****]	[****]
119	[****]	[****]	[****]
120	[****]	[****]	[****]
121	[****]	[****]	[****]
122	[****]	[****]	[****]
123	[****]	[****]	[****]
124	[****]	[****]	[****]
125	[****]	[****]	[****]
126	[****]	[****]	[****]
127	[****]	[****]	[****]
128	[****]	[****]	[****]
129	[****]	[****]	[****]
130	[****]	[****]	[****]
131	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
132	[****]	[****]	[****]
133	[****]	[****]	[****]
134	[****]	[****]	[****]
135	[****]	[****]	[****]
136	[****]	[****]	[****]
137	[****]	[****]	[****]
138	[****]	[****]	[****]
139	[****]	[****]	[****]
140	[****]	[****]	[****]
141	[****]	[****]	[****]
142	[****]	[****]	[****]
143	[****]	[****]	[****]
144	[****]	[****]	[****]
145	[****]	[****]	[****]
146	[****]	[****]	[****]
147	[****]	[****]	[****]
148	[****]	[****]	[****]
149	[****]	[****]	[****]
150	[****]	[****]	[****]
151	[****]	[****]	[****]
152	[****]	[****]	[****]
153	[****]	[****]	[****]
154	[****]	[****]	[****]
155	[****]	[****]	[****]
156	[****]	[****]	[****]
157	[****]	[****]	[****]
158	[****]	[****]	[****]
159	[****]	[****]	[****]
160	[****]	[****]	[****]
161	[****]	[****]	[****]
162	[****]	[****]	[****]
163	[****]	[****]	[****]
164	[****]	[****]	[****]

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Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
165	[****]	[****]	[****]
166	[****]	[****]	[****]
167	[****]	[****]	[****]
168	[****]	[****]	[****]
169	[****]	[****]	[****]
170	[****]	[****]	[****]
171	[****]	[****]	[****]
172	[****]	[****]	[****]
173	[****]	[****]	[****]
174	[****]	[****]	[****]
175	[****]	[****]	[****]
176	[****]	[****]	[****]
177	[****]	[****]	[****]
178	[****]	[****]	[****]
179	[****]	[****]	[****]
180	[****]	[****]	[****]
181	[****]	[****]	[****]
182	[****]	[****]	[****]
183	[****]	[****]	[****]
184	[****]	[****]	[****]
185	[****]	[****]	[****]
186	[****]	[****]	[****]
187	[****]	[****]	[****]
188	[****]	[****]	[****]
189	[****]	[****]	[****]
190	[****]	[****]	[****]
191	[****]	[****]	[****]
192	[****]	[****]	[****]
193	[****]	[****]	[****]
194	[****]	[****]	[****]
195	[****]	[****]	[****]
196	[****]	[****]	[****]
197	[****]	[****]	[****]

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Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
198	[****]	[****]	[****]
199	[****]	[****]	[****]
200	[****]	[****]	[****]
201	[****]	[****]	[****]
202	[****]	[****]	[****]
203	[****]	[****]	[****]
204	[****]	[****]	[****]
205	[****]	[****]	[****]
206	[****]	[****]	[****]
207	[****]	[****]	[****]
208	[****]	[****]	[****]
209	[****]	[****]	[****]
210	[****]	[****]	[****]
211	[****]	[****]	[****]
212	[****]	[****]	[****]
213	[****]	[****]	[****]
214	[****]	[****]	[****]
215	[****]	[****]	[****]
216	[****]	[****]	[****]
217	[****]	[****]	[****]
218	[****]	[****]	[****]
219	[****]	[****]	[****]
220	[****]	[****]	[****]
221	[****]	[****]	[****]
222	[****]	[****]	[****]
223	[****]	[****]	[****]
224	[****]	[****]	[****]
225	[****]	[****]	[****]
226	[****]	[****]	[****]
227	[****]	[****]	[****]
228	[****]	[****]	[****]
229	[****]	[****]	[****]
230	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
231	[****]	[****]	[****]
232	[****]	[****]	[****]
233	[****]	[****]	[****]
234	[****]	[****]	[****]
235	[****]	[****]	[****]
236	[****]	[****]	[****]
237	[****]	[****]	[****]
238	[****]	[****]	[****]
239	[****]	[****]	[****]
240	[****]	[****]	[****]
241	[****]	[****]	[****]
242	[****]	[****]	[****]
243	[****]	[****]	[****]
244	[****]	[****]	[****]
245	[****]	[****]	[****]
246	[****]	[****]	[****]
247	[****]	[****]	[****]
248	[****]	[****]	[****]
249	[****]	[****]	[****]
250	[****]	[****]	[****]
251	[****]	[****]	[****]
252	[****]	[****]	[****]
253	[****]	[****]	[****]
254	[****]	[****]	[****]
255	[****]	[****]	[****]
256	[****]	[****]	[****]
257	[****]	[****]	[****]
258	[****]	[****]	[****]
259	[****]	[****]	[****]
260	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LETTER AGREEMENT NO. 1

TO

AMENDMENT NO. 1

As of January 11, 2013

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: MISCELLANEOUS

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into Amendment No. 1 (the “**Amendment**”) of even date herewith to the Airbus A320 Family Aircraft Purchase Agreement made July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”). The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 1 to the Amendment (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale or lease of the Aircraft subject to the Agreement. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 [****]

[****] in respect of each Aircraft type set forth below that is sold by the Seller and purchased by the Buyer, the Seller will provide to the Buyer the following credits (collectively, the [****])

(i) [****]

(ii) [****]

(iii) [****]

The [****] are quoted at delivery conditions prevailing in [****] and will be adjusted in accordance with the Seller Price Revision Formula [****] in accordance with Paragraph 7 of Letter Agreement No. 2 to the Agreement.

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

LA 1 - 1

The [****] will be [****] each A319 Aircraft, A320 Aircraft or A321 Aircraft, as applicable, that is sold by the Seller and purchased by the Buyer. The [****] will be [****] Unless the Buyer gives the Seller notice to the contrary at least [****] of an Aircraft, the A319 [****] will be [****] and A320 [****] will be [****] and the A321 [****] will be [****]

2 [****]

If the Buyer wishes to [****]

(i) [****]

(a) [****]

(b) [****]

(c) [****]

(ii) [****]

(a) [****]

(b) [****]

(c) [****]

(iii) [****]

(a) [****]

(b) [****]

(c) [****]

3 [****]

3.1 The first paragraph of Paragraph 3.4 of Letter Agreement No. 5 to the Agreement is renumbered to read 3.4.1.

3.2 Paragraph 3.4.1(i) of Letter Agreement No. 5 to the Agreement is deleted in its entirety and replaced by the following quoted text:

QUOTE

(i) [****]

UNQUOTE

3.3 A new Paragraph 3.4.2 is added to Letter Agreement No. 5 to the Agreement as set forth in the following quoted text:

QUOTE

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.4.2 [****]

(i) [****]

(ii) [****]

[****]

UNQUOTE

4 [****]

Paragraphs 7.3.1 and 7.3.2 of Letter Agreement No. 2 to the Agreement are deleted in their entirety and replaced by the following quoted text:

QUOTE

7.3.1 For each Aircraft that is sold by the Seller and purchased by the Buyer and delivered to the Buyer on or before [****]

(i) [****]

(ii) [****]

(iii) [****]

(iv) [****]

7.3.2 For each Aircraft that is sold by the Seller and purchased by the Buyer and delivered to the Buyer [****]

(i) [****]

(a) [****]

(b) [****]

(c) [****]

(d) [****]

(ii) [****]

(a) [****]

(b) [****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(c) [****]
UNQUOTE

5 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

6 CHAPTER 11 CASES

The Seller acknowledges that the Buyer is a debtor in possession under the Bankruptcy Code in the Chapter 11 Cases pending in the Bankruptcy Court. The Buyer, and certain of its debtor affiliates, commenced the Chapter 11 Cases on the Commencement Date.

The Seller agrees that notwithstanding the date this Letter Agreement is executed, this Letter Agreement does not constitute an assumption of the Agreement or entry into a new postpetition agreement unless and until the Bankruptcy Court enters an Assumption Order. Accordingly, notwithstanding anything to the contrary set forth in this Letter Agreement, the parties agree that the Agreement (as amended hereby) will only be deemed assumed, pursuant to section 365 of the Bankruptcy Code, on the Assumption Date.

7 EFFECTIVENESS

Except for the provisions of Clauses 6, 7, 8 and 9 of this Letter Agreement that are effective, binding, and enforceable upon execution by the parties of this Letter Agreement, all rights, obligations, and agreements of the parties set forth herein will become effective, binding, and enforceable on the Assumption Date.

8 CONFIDENTIALITY

Each of the Seller and the Buyer agree not to disclose the terms and conditions of this Letter Agreement to any person without the prior written consent of the other party. Notwithstanding the foregoing, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent to (i) the Official Committee of Unsecured Creditors (excluding Boeing Capital Corporation) and/or its professional advisors retained in the Chapter 11 Cases in accordance with the terms of the Stipulated Protective Order Pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018 Establishing Procedures for the Protection of Confidential Information Provided by the Debtors to the Official Committee of Unsecured Creditors entered by the Bankruptcy Court on January 27, 2012 [Docket No. 891], (ii) the Bankruptcy Court, (iii) counsel and advisors for the Ad Hoc Group of AMR Corporation Creditors identified in that certain "Motion for Approval of 'Fee Letter' to Pay Certain Work Fees and Expenses of Professionals Employed by the Ad Hoc Group of AMR Corporation Creditors" filed with the Bankruptcy Court on August 29, 2012, (iv) as required by law or as necessary in connection with the enforcement of such party's rights hereunder, and (v) the board of directors, managers, employees, auditors, and legal, financial and technical advisors of each party.

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

9 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Airbus S.A.S

Its: Senior Vice President Contracts

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Its: Vice President

LETTER AGREEMENT NO. 2

TO

AMENDMENT NO. 1

As of January 11, 2013

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: LEASING MATTERS

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into Amendment No. 1 (the “**Amendment**”) of even date herewith to the Airbus A320 Family Aircraft Purchase Agreement made July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”). The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 2 to the Amendment (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale or lease of the Aircraft subject to the Agreement. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 DEFINITIONS

Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in Letter Agreement No. 1 to the Agreement or, if not defined therein, in any applicable Lease entered into by the Buyer.

2 [****]

2.1 [****]

[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Column A – Aircraft	Column B – [****]	Column C – [****]
[****]		
[****]	[****]	[****]

2.2 Adjustment

[****]

[****]

(i) [****]

(ii) [****]

(iii) [****]

(iv) [****]

2.3 [****]

[****]

3 PAYMENTS

All payments of [****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4 SETOFF PAYMENTS

The first paragraph of Clause 5.7 of the Agreement is deleted in its entirety and replaced with the following quoted text:

[****]

QUOTE

Notwithstanding anything to the contrary contained herein, the Seller may, upon thirty (30) days prior written notice to the Buyer, set-off any undisputed, matured obligation owed by the Buyer or any of its Affiliates to the Seller or its Affiliates, if with respect to the payment of any single amount then due, such amount exceeds US\$[****] (US dollars –[****]) or with respect to the payment of all amounts then due, such amounts exceed US\$[****] (US dollars –[****]) in the aggregate, against any undisputed, matured obligation owed by the Seller or any of its Affiliates to the Buyer or any of its Affiliates, regardless of the place of payment or currency; provided, however, that the Seller will not be entitled to set-off any amounts owed by the Buyer against any payments of Rent Subsidy owed by the Seller.

UNQUOTE

5 LIMITATIONS [****]

[****]

6 [****]

[****]

7 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

8 CHAPTER 11 CASES

The Seller acknowledges that the Buyer is a debtor in possession under the Bankruptcy Code in the Chapter 11 Cases pending in the Bankruptcy Court. The Buyer, and certain of its debtor affiliates, commenced the Chapter 11 Cases on the Commencement Date.

The Seller agrees that notwithstanding the date this Letter Agreement is executed, this Letter Agreement does not constitute an assumption of the Agreement or entry into a new postpetition agreement unless and until the Bankruptcy Court enters an Assumption Order. Accordingly, notwithstanding anything to the contrary set forth in this Letter Agreement, the parties agree that the Agreement (as amended hereby) will only be deemed assumed, pursuant to section 365 of the Bankruptcy Code, on the Assumption Date.

9 EFFECTIVENESS

Except for the provisions of Clauses 7, 8, 9 and 10 of this Letter Agreement that are effective, binding, and enforceable upon execution by the parties of this Letter Agreement, all rights, obligations, and agreements of the parties set forth herein will become effective, binding, and enforceable on the Assumption Date.

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

10 CONFIDENTIALITY

Each of the Seller and the Buyer agree not to disclose the terms and conditions of this Letter Agreement to any person without the prior written consent of the other party. Notwithstanding the foregoing, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent to (i) the Official Committee of Unsecured Creditors (excluding Boeing Capital Corporation) and/or its professional advisors retained in the Chapter 11 Cases in accordance with the terms of the Stipulated Protective Order Pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018 Establishing Procedures for the Protection of Confidential Information Provided by the Debtors to the Official Committee of Unsecured Creditors entered by the Bankruptcy Court on January 27, 2012 [Docket No. 891], (ii) the Bankruptcy Court, (iii) counsel and advisors for the Ad Hoc Group of AMR Corporation Creditors identified in that certain "Motion for Approval of 'Fee Letter' to Pay Certain Work Fees and Expenses of Professionals Employed by the Ad Hoc Group of AMR Corporation Creditors" filed with the Bankruptcy Court on August 29, 2012, (iv) as required by law or as necessary in connection with the enforcement of such party's rights hereunder, and (v) the board of directors, managers, employees, auditors, and legal, financial and technical advisors of each party.

11 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Airbus S.A.S
Its: Senior Vice President Contracts

Accepted and Agreed

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Its: Vice President

ADJUSTMENT FORMULA

1.1 [****] Price

The [****] as quoted in Paragraph 2.1 of Letter Agreement No. 2 to Amendment No. 1 to the Agreement is subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

1.2 [****] Period

The [****] has been established in accordance with the average economic conditions prevailing in [****] and corresponding to a base amount stated in [****] delivery conditions as defined by the ECib and ICb index values indicated hereafter.

1.3 Indexes

Labor Index: "Employment Cost Index for Workers in Aerospace manufacturing" (hereinafter referred to as "ECI336411W"), quarterly published by the US Department of Labor, Bureau of Labor Statistics, in "NEWS", and found in Table 9, "WAGES and SALARIES (not seasonally adjusted): Employment Cost Indexes for Wages and Salaries for private industry workers by industry and occupational group", or such other name that may be from time to time used for the publication title and/or table, (Aircraft manufacturing, NAICS Code 336411, base month and year December 2005 = 100).

The quarterly value released for a certain month (March, June, September and December) will be the one deemed to apply for the two (2) preceding months.

Index code for access on the Web site of the US Bureau of Labor Statistics: CIU2023211000000I.

Material Index: "Industrial Commodities" (hereinafter referred to as "IC") as published in "PPI Detailed Report" (found in Table 6. "Producer price indexes and percent changes for commodity and service groupings and individual items not seasonally adjusted" or such other names that may be from time to time used for the publication title and/or table). (Base Year 1982 = 100).

Index code for access on the Web site of the US Bureau of Labor Statistics: WPU03THRU15.

1.4 Revision Formula

[****]

[****]

[****]

[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[****]

[****]

[****]

[****]

1.5 General Roundings

1.5.1 Roundings

The Labor Index average and the Material Index average will be computed to the first decimal. If the next succeeding place is five (5) or more, the preceding decimal place will be raised to the next higher figure.

Each quotient, ECIn/ECIb and ICn/ICb, will be rounded to the nearest ten-thousandth (4 decimals). If the next succeeding place is five (5) or more, the preceding decimal place will be raised to the next higher figure.

The final factor will be rounded to the nearest ten-thousandth (4 decimals).

The final price will be rounded to the nearest whole number (0.5 or more rounded to 1).

1.5.2 Substitution of Indexes

If:

- (i) the United States Department of Labor substantially revises the methodology of calculation of the Labor Index or the Material Index as used in this Adjustment Formula, or
- (ii) the United States Department of Labor discontinues, either temporarily or permanently, such Labor Index or such Material Index, or
- (iii) the data samples used to calculate such Labor Index or such Material Index are substantially changed;

the Seller will select a substitute index for inclusion in this Adjustment Formula (the "**Substitute Index**"), [****]

As a result of the selection of the Substitute Index, the Seller will make an appropriate adjustment to this Adjustment Formula to combine the successive utilization of the original Labor Index or Material Index (as the case may be) and of the Substitute Index.

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5.3 Final Index Values

The Index values as defined in Paragraph 1.4 above will be considered final and no further adjustment to the [****] as revised at January of the year of Delivery of the relevant Leased Aircraft will be made after Aircraft delivery for any subsequent changes in the published Index values.

1.5.4 Limitation

Should the sum of [****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[***]

[***] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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.

Amendment No. 2
to the
A320 Family Aircraft Purchase Agreement
made July 20, 2011
between
AIRBUS S.A.S.
and
AMERICAN AIRLINES, INC.

This Amendment No. 2 to the A320 Family Aircraft Purchase Agreement made July 20, 2011 (as amended, supplemented or otherwise modified, hereinafter referred to as the “**Amendment**”), entered into as of May 30, 2013, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, United States of America (the “**Buyer**”)

WITNESSETH:

WHEREAS, the Buyer and the Seller entered into an Airbus A320 Aircraft Family Purchase Agreement, made 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**”.

WHEREAS, the Buyer and the Seller have agreed on the use of [****] A319 Aircraft for certain testing related to future product enhancements and certain related terms as set forth in this Amendment.

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.

1 SCOPE

Pursuant to Clause 8.5 of the Agreement, the Seller has requested the Buyer’s agreement to use an A319 Aircraft for [****] prior to Delivery thereof. The Buyer has agreed to take Delivery of such A319 Aircraft pursuant to the terms contained in the Agreement and this Amendment.

Page 1

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2 AIRCRAFT MSN AND DELIVERY DATE

The A319 model aircraft bearing manufacturer's serial number 5327 and CAC ID No. 392499 (the "**Sharklet Test Aircraft**") will be used by the Seller prior to Delivery to conduct a Sharklet flight test program. Such use of the Sharklet Test Aircraft will not modify the Seller's obligation to deliver and transfer title to the Sharklet Test Aircraft at the time and location and in the condition required by Clauses 8 and 9 of the Agreement.

3 USE PRIOR TO DELIVERY

Prior to Delivery thereof, the Sharklet Test Aircraft will have accumulated [****] flight hours ("**FH**") and [****] flight cycles ("**FC**") in support of the Seller's Sharklet flight test program and production flight testing.

4 [****]

4.1 Warranty

Notwithstanding the accumulation of FH and FC on the Sharklet Test Aircraft prior to Delivery, the terms and conditions of Clause 12 of the Agreement will apply to such Aircraft as if such Aircraft had been delivered to the Buyer without the accumulation of such FH and FC.

4.2 [****]

The Seller [****].

4.3 [****]

The Buyer acknowledges and agrees that:

- (a) [****]

5 ENGINE SELECTION

5.1 Clause 2.4.7 of the Agreement is deleted in its entirety and replaced by the following quoted text:

QUOTE

2.4.7 The Buyer will notify the Seller of its choice of:

- (i) A319 Propulsion System, A320 Propulsion System and A321 Propulsion System by November 30, 2011, and
- (ii) A319 NEO Propulsion System, A320 NEO Propulsion System and A321 NEO Propulsion System by [****].

UNQUOTE

Page 2

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 Paragraph 3.4.2 of Letter Agreement No. 5 to the Agreement is deleted in its entirety and replaced by the following quoted text:

QUOTE

3.4.2 INTENTIONALLY LEFT BLANK

UNQUOTE

6 EFFECT OF THE AMENDMENT

- 6.1 The Agreement, as amended by this Amendment, contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous understanding, commitments or representations whatsoever, whether oral or written between the Buyer and the Seller.
- 6.2 The Agreement will be deemed amended to the extent provided in this Amendment and, except as specifically amended hereby, will continue in full force and effect in accordance with its original terms.
- 6.3 Both parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement and be governed by the provisions of the Agreement, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

7 CONFIDENTIALITY

Each of 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, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent to (i) the Official Committee of Unsecured Creditors (excluding Boeing Capital Corporation) and/or its professional advisors retained in the Chapter 11 Cases in accordance with the terms of the Stipulated Protective Order Pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018 Establishing Procedures for the Protection of Confidential Information Provided by the Debtors to the Official Committee of Unsecured Creditors entered by the Bankruptcy Court on January 27, 2012 [Docket No. 891], (ii) the Bankruptcy Court, (iii) counsel and advisors for the Ad Hoc Group of AMR Corporation Creditors identified in that certain "Motion for Approval of 'Fee Letter' to Pay Certain Work Fees and Expenses of Professionals Employed by the Ad Hoc Group of AMR Corporation Creditors" filed with the Bankruptcy Court on August 29, 2012, (iv) as required by law or as necessary in connection with the enforcement of such party's rights hereunder, and (v) the board of directors, managers, employees, auditors, and legal, financial and technical advisors of each party.

8 GOVERNING LAW

THIS AMENDMENT AND THE AGREEMENTS CONTEMPLATED HEREIN WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE PROVISIONS OF CLAUSE 22.6 OF THE AGREEMENT.

9 COUNTERPARTS

This Amendment has been executed in two (2) original copies.

Notwithstanding the foregoing, this Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered 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.
Name: Airbus S.A.S.
Title: Senior Vice President Contracts

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President-Treasurer

LETTER AGREEMENT NO. 1

TO

AMENDMENT NO. 2

As of May 30, 2013

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: LEASING MATTERS

Ladies and Gentlemen,

American Airlines, Inc. (the "**Buyer**") and Airbus S.A.S. (the "**Seller**") have entered into Amendment No. 2 (as amended, supplemented or otherwise modified, the "**Amendment**"), of even date herewith to the Airbus A320 Family Aircraft Purchase Agreement made July 20, 2011 (as supplemented and amended by the other letter agreements (including Letter Agreement No. 1 dated July 20, 2011 ("**Letter Agreement No. 1**"), and as otherwise supplemented, amended or modified from time to time, the "**Agreement**"). The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 1 to the Amendment (this "**Letter Agreement**") certain additional terms and conditions regarding the sale or lease of the Aircraft subject to the Agreement. Capitalized terms used herein and not otherwise defined in this Letter Agreement will have the meanings assigned thereto in the Agreement. The terms "herein", "hereof", and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1. LEASING DOCUMENTATION

Effective as of the date hereof, each of Exhibit A, Exhibit B, Exhibit C and Exhibit D attached to Letter Agreement No. 1 is amended by deleting each such exhibit in its entirety and replacing it as follows:

- (i) Exhibit A is replaced with Exhibit I attached hereto (the "**Replacement Lease**"),
- (ii) Exhibit B is replaced with Exhibit II attached hereto (the "**Replacement Trust Agreement**"),
- (iii) Exhibit C is replaced with Exhibit III attached hereto (the "**Replacement Participation Agreement**"), and

- (iv) Exhibit D is replaced with Exhibit IV attached hereto (the “**Replacement Definitions Annex**”).

The Replacement Lease, the Replacement Trust Agreement, the Replacement Participation Agreement and the Replacement Definitions Annex are collectively referred to herein as the “**Replacement Leasing Documentation**”.

2. EXHIBIT E — FORM OF LEASING LETTER

Effective as of the date hereof, each of Exhibit B, Exhibit C, Exhibit D and Exhibit E attached to the form of Leasing Letter attached as Exhibit E to Letter Agreement No. 1 is hereby amended by deleting each such exhibit in its entirety and replacing it with Exhibit I, Exhibit II, Exhibit III and Exhibit IV, respectively, attached hereto.

3. REFERENCES

On and after the date of this Letter Agreement:

- (i) each reference in Letter Agreement No. 1 to “this Letter Agreement”, “hereunder”, “hereof” or words of like import referring to Letter Agreement No. 1, shall mean and be a reference to Letter Agreement No. 1, as amended by this Letter Agreement,
- (ii) references in Letter Agreement No. 1 and each exhibit attached thereto (including, without limitation, the form of Leasing Letter) to the “Lease”, the “Trust Agreement”, the “Participation Agreement” and the “Definitions Annex” shall mean and be references to the Replacement Lease, the Replacement Trust Agreement, the Replacement Participation Agreement and the Replacement Definitions Annex, respectively, and
- (iii) each reference in Letter Agreement No. 1 and each exhibit attached thereto (including, without limitation, the form of Leasing Letter) to the “Leasing Documentation” shall mean and be a reference to the Replacement Leasing Documentation.

4. ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

5. CHAPTER 11 CASES

The Seller acknowledges that the Buyer is a debtor in possession under the Bankruptcy Code in the Chapter 11 Cases pending in the Bankruptcy Court. On January 23, 2013,

the Bankruptcy Court entered the Order Pursuant to 11 U.S.C. § 365(a) and Fed. R. Bankr. P. 6006 approving assumption of (A) the A320 Family Aircraft Purchase Agreement made July 20, 2011, as amended, between Airbus S.A.S. and American Airlines, Inc., and (B) the General Terms Agreement by and among IAE International Aero Engines AG and American Airlines, Inc. as amended and supplemented [Docket No. 6315].

6. CONFIDENTIALITY

Each of the Seller and the Buyer agree not to disclose the terms and conditions of this Letter Agreement to any person without the prior written consent of the other party. Notwithstanding the foregoing, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent to (i) the Official Committee of Unsecured Creditors (excluding Boeing Capital Corporation) and/or its professional advisors retained in the Chapter 11 Cases in accordance with the terms of the Stipulated Protective Order Pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018 Establishing Procedures for the Protection of Confidential Information Provided by the Debtors to the Official Committee of Unsecured Creditors entered by the Bankruptcy Court on January 27, 2012 [Docket No. 891], (ii) the Bankruptcy Court, (iii) counsel and advisors for the Ad Hoc Group of AMR Corporation Creditors identified in that certain "Motion for Approval of 'Fee Letter' to Pay Certain Work Fees and Expenses of Professionals Employed by the Ad Hoc Group of AMR Corporation Creditors" filed with the Bankruptcy Court on August 29, 2012, (iv) as required by law or as necessary in connection with the enforcement of such party's rights hereunder, and (v) the board of directors, managers, employees, auditors, and legal, financial and technical advisors of each party.

7. COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,
AIRBUS S.A.S.

By: /s/ Airbus S.A.S.

Name: Airbus S.A.S.

Title: Senior Vice President Contracts

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Name: American Airlines, Inc.

Title: Vice President-Treasurer

FORM OF LEASE AGREEMENT

EXHIBIT I

LA 1 – Lease Agreement

CONFIDENTIAL: Annexes B and C of this Lease Are
Subject to Restrictions on Dissemination Set Forth in Section 10.4 of the Participation
Agreement (as defined herein)

LEASE AGREEMENT ([YEAR] MSN [MSN])

dated as of

[Date]

between

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
not in its individual capacity, except as expressly
provided herein, but solely as Owner Trustee,
as Lessor

and

AMERICAN AIRLINES, INC.,
as Lessee

Covering One Airbus [Model] Aircraft
(Generic Manufacturer and Model AIRBUS [Generic Model])

TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS DEFINED IN THE UNIFORM
COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY
BE PERFECTED THROUGH DELIVERY OR POSSESSION OF ANY COUNTERPART OF THIS LEASE AGREEMENT OTHER THAN THE
ORIGINAL COUNTERPART, WHICH SHALL BE THE COUNTERPART THAT CONTAINS THE RECEIPT EXECUTED BY LESSOR ON THE
SIGNATURE PAGE THEREOF.

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LEASE AGREEMENT ([YEAR] MSN [MSN])

This LEASE AGREEMENT ([YEAR] MSN [MSN]) (as amended, modified or supplemented from time to time, this “Lease”), dated as of [], [YEAR], between WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee (herein in such capacity, together with its successors and permitted assigns, “Lessor” or “Owner Trustee”, and in its individual capacity, together with its successors and permitted assigns, “Trust Company”), and AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and permitted assigns, “Lessee”).

RECITALS:

Lessee wishes to lease the Aircraft from Lessor, and Lessor wishes to lease the Aircraft to Lessee, on the terms and subject to the conditions provided herein.

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

Section 1. Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth, and shall be construed and interpreted in the manner described, in Annex A hereto for all purposes of this Lease.

Section 2. Leasing of Aircraft. (a) Lessor hereby agrees (subject to satisfaction or waiver of the conditions set forth in Sections 4.1 and 4.2 of the Participation Agreement) to lease to Lessee hereunder, and Lessee hereby agrees (subject to satisfaction or waiver of the conditions set forth in Section 4.3 of the Participation Agreement) to lease from Lessor hereunder, the Aircraft, as evidenced by the execution by Lessor and Lessee of Lease Supplement No. 1 covering the Aircraft.

(b) On the Delivery Date, subject to Lessee’s acceptance of the Aircraft, Lessee will take possession of the Aircraft “AS-IS, WHERE-IS AND WITH ALL FAULTS.”

Section 3. Term and Rent.

(a) Term. The Basic Term for the lease of the Aircraft hereunder shall commence on the Delivery Date and shall end on the Lease Expiry Date, or such earlier date on which this Lease is terminated in accordance with the provisions hereof.

(b) Basic Rent. Lessee hereby agrees to pay to Lessor Basic Rent in advance for the Aircraft throughout the Term in installments, the first installment of which shall be due and payable on the Delivery Date, and the remaining installments of which shall be due and payable on the other Lease Period Dates, in the amounts computed as provided in Schedule A to Lease Supplement No. 1 for the Basic Term (Basic Rent payable for any Renewal Term, shall be as provided in Section 21). The installment of Basic Rent due and payable on the

Delivery Date shall be allocable to the Lease Period commencing on the Delivery Date and ending on the day immediately preceding the following Lease Period Date. Each other installment of Basic Rent is allocable to the Lease Period beginning on the Lease Period Date on which such installment is due and payable.

(c) Supplemental Rent. Lessee also agrees to pay to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall, subject to Section 15, have all rights, powers and remedies provided for herein, in equity or law, as in the case of nonpayment of Basic Rent. In addition, Lessee will pay as Supplemental Rent, on demand, to the extent permitted by applicable Law, an amount equal to interest at the Overdue Rate on any part of any installment of Basic Rent not paid when due for any period for which the same shall be overdue and on any payment of Supplemental Rent not paid when due or demanded, as the case may be, for the period until the same shall be paid.

(d) Payments in General. All payments of Rent shall be made in Dollars by wire transfer of immediately available funds not later than 1:00 p.m. (New York time) on the date of payment, to Lessor to the account set forth on Annex B to the Participation Agreement (or such other account in the United States of Lessor as Lessor directs by written notice to Lessee at least 10 Business Days prior to the date such payment of Rent is due, or, in the case of Supplemental Rent expressly payable to a Person other than Lessor, to the Person that shall be entitled thereto to such account in the United States as such Person directs by written notice to Lessee at least 10 Business Days prior to the date such payment of Rent is due). If any Rent is due on a day that is not a Business Day, such Rent shall be paid on the next succeeding Business Day with the same force and effect as if paid on the scheduled date of payment, and no interest shall accrue on the amount of such payment from and after such scheduled date to the time of payment on such next succeeding Business Day.

Section 4. Lessor's Representations, Warranties and Covenants.

(a) Disclaimer. NONE OF OWNER TRUSTEE, TRUST COMPANY OR OWNER PARTICIPANT (IN EACH CASE, IN ITS CAPACITY AS SUCH) MAKES OR SHALL BE DEEMED TO HAVE MADE HEREIN ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE AIRWORTHINESS, VALUE, CONDITION, WORKMANSHIP, DESIGN, OPERATION, **MERCHANTABILITY OR FITNESS FOR USE OR FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY ENGINE OR ANY PART THEREOF**, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY ENGINE OR ANY PART THEREOF, except that nothing set forth in this subsection (a) shall (x) derogate from the representations and warranties made by Owner Trustee, Trust Company or Owner Participant in or pursuant to any Operative Document or (y) be construed as a waiver by Lessee of any warranty or other claim against any manufacturer, supplier, dealer, contractor, subcontractor or other Person.

(b) U.S. Citizenship. Lessor at all times will be a Citizen of the United States to permit registration of the Aircraft with the FAA. Trust Company represents and warrants that it is a Citizen of the United States. Owner Trustee represents and warrants that it is a Citizen of the United States.

(c) Quiet Enjoyment. Lessor covenants that, except as expressly permitted by Section 15 following an Event of Default that has occurred and is continuing, notwithstanding anything herein or in any other Operative Document to the contrary, neither Lessor nor any Person claiming by, through or under Lessor shall (i) discharge the registration with the International Registry of the International Interests arising with respect to the Lease, (ii) transfer the right to discharge any of such International Interests to any other Person or cause any such right to be so transferred (except (x) in connection with a Transfer permitted by Section 8.1 of the Participation Agreement, or (y) in the case of any Back-Leveraging Transaction, to the Back-Leveraging Party, but only if, as a precondition to such transfer, the Back-Leveraging Party shall have agreed in writing for the benefit of Lessee not to transfer, during the Term, such right to discharge further except in connection with an exercise of remedies at such time that an Event of Default has occurred and is continuing or unless such right is transferred back to Lessor in connection with the release of the applicable security interest), or (iii) take or cause to be taken any action inconsistent with Lessee's rights under this Lease and its right to quiet enjoyment of the Aircraft, the Airframe, any Engine or any Part, or otherwise in any way interfere with or interrupt the use, operation and continuing possession of the Aircraft, the Airframe, any Engine or any Part by Lessee or any sublessee, assignee or transferee under any sublease, assignment or transfer then in effect and permitted by the terms of this Lease.

(d) Lien Lifting. Lessor agrees that (i) it shall promptly, at its own cost and expense, take such action as may be necessary duly to discharge and satisfy in full any Lessor's Lien attributable to it if the same shall arise at any time (by bonding or otherwise, so long as Lessee's operation and use of the Aircraft is not impaired); provided that Lessor may, for a period of not more than 60 days, contest any such Lessor's Lien diligently and in good faith by appropriate proceedings so long as such contest does not involve any material risk of the sale, forfeiture or loss of or loss of use of the Airframe or any Engine or any material risk of criminal penalties or material civil penalties being imposed on Lessee, and (ii) it shall indemnify and hold harmless Lessee from and against any loss, cost, expense or damage (including reasonable legal fees and expenses) that may be suffered or incurred by Lessee as a result of a failure by Lessor to promptly discharge or satisfy in full any such Lessor's Lien.

(e) Warranties. Lessor agrees that, so long as no Event of Default shall have occurred and be continuing, Lessee shall have the benefit of and shall be entitled to enforce, either in its own name or in the name of Lessor for the use and benefit of Lessee, any and all warranties of any Person (whether express or implied) in respect of the Aircraft, the Airframe, any Engine or any Part, and Lessor agrees to execute and deliver such further documents and take such further action, as may be reasonably requested by Lessee and at Lessee's cost and expense, as may be necessary to enable Lessee to obtain such warranty service or the benefits of any such warranty as may be furnished for the Aircraft, Airframe, any Engine or any Part by such Person. Lessor hereby appoints and constitutes Lessee, except at such times as an Event of Default shall have occurred and be continuing, its agent and attorney-in-fact during the Term to

assert and enforce, from time to time, in the name and for the account of Lessor and Lessee, as their interests may appear, but in all cases at the cost and expense of Lessee, whatever claims and rights Lessor may have against such Person.

(f) Lessor's Interest in Certain Engines. Lessor hereby agrees, for the benefit of the lessor, conditional vendor or secured party of any airframe or any engine leased, purchased or owned by Lessee (or any Permitted Sublessee) subject to a lease, conditional sale or other security agreement, that Lessor will not acquire or claim, as against such lessor, conditional vendor or secured party, any right, title or interest in any engine or engines as the result of such engine or engines being installed on the Airframe at any time while such engine or engines are subject to such lease, conditional sale or other security agreement, provided however, that such agreement of Lessor shall not be for the benefit of any lessor, conditional vendor or secured party of any airframe or any engine leased, purchased or owned by Lessee (or any Permitted Sublessee) subject to a lease, conditional sale or other security agreement, unless such lessor, conditional vendor, or secured party has expressly agreed (which agreement may be contained in such lease, conditional sale or other security agreement) that neither it nor its successors or assigns will acquire or claim, as against Lessor, any right, title or interest in an Engine as a result of such Engine being installed on such airframe subject to such lease, conditional sale or security agreement.

(g) Title Transfers by Lessor. If Lessor shall be required to transfer title to the Aircraft or any Engine to Lessee or its designee pursuant to this Lease, (i) Lessor will (A) transfer to Lessee or its designee, without recourse or warranty (except as to the absence of Lessor's Liens and Liens of the type described in Section 6(h)), all of Lessor's right, title and interest in and to such Aircraft or Engine, free and clear of all right, title and interest of Lessor and of Lessor's Liens and Liens of the type described in Section 6(h), all in AS-IS WHERE-IS condition, (B) at Lessee's expense, execute and deliver such bills of sale (and any such bill of sale shall be in such form as will qualify as a "contract of sale" pursuant to Article V of the Aircraft Protocol) and other documents and instruments of transfer (including consents to appropriate registrations with the International Registry), all in form and substance reasonably satisfactory to Lessee, as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting in Lessee or its designee of all of Lessor's right, title and interest in and to such Aircraft or Engine and (C) take such actions as may be required to be taken by Lessor so that the transfer of such Aircraft or Engine to Lessee or its designee shall be registered as a Sale on the International Registry, (ii) Lessor will assign (to the extent freely assignable) to Lessee or its designee all of Lessor's rights in any available warranties with respect to such Aircraft or Engine and (iii) Lessor will assign (to the extent freely assignable) to Lessee or its designee, pursuant to an assignment agreement in form and substance reasonably satisfactory to Lessee, all of its right, title and interest in and to claims against third Persons (other than any insurer with respect to an insurance policy obtained by or on behalf of Lessor or Owner Participant for its own account, in each case so long as such retained claims in no way interfere with the assignments described in clauses (i) and (ii) of this sentence) relating to such Aircraft or Engine.

(h) Vesting of Title. Lessor agrees that in each instance in which this Lease provides that title to the Aircraft, any Engine, engine, Part or Obsolete Part shall be transferred to or vest in Lessee, title to such Aircraft, Engine, engine, Part or Obsolete Part shall

vest in Lessee free and clear of all right, title and interest of Lessor, Lessor's Liens and Liens of the type described in Section 6(h), and Lessor shall do all acts necessary to discharge all such Liens and other rights held by it in such Aircraft, Engine, engine, Part or Obsolete Part.

Section 5. Return of Aircraft. Lessee hereby agrees to comply with the Return Conditions regarding return of the Aircraft to Lessor. In addition, Lessee agrees, in connection with any return of the Aircraft hereunder, to pay on the Return Date the amounts payable pursuant to Annex B, if any. All references in this Lease or elsewhere in any other Operative Document to this Section 5 shall be deemed to refer also to Annex B.

Section 6. Liens. Lessee will not, directly or indirectly, create, incur, assume or suffer to exist any Lien on or with respect to the Airframe or any Engine, title thereto or any interest therein or in this Lease except:

- (a) the respective rights of the parties to the Operative Documents as provided therein;
- (b) the rights of others under agreements or arrangements to the extent expressly permitted by this Lease;
- (c) Lessor's Liens;
- (d) Liens for Taxes that either are not yet overdue or are being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Airframe or any Engine, title thereto or any interest therein or any material risk of criminal liability or material civil penalty against Lessor or Owner Participant;
- (e) materialmen's, mechanics', workers', landlord's, repairmen's, employees' or other like Liens arising in the ordinary course of business (including those arising under maintenance agreements entered into in the ordinary course of business) securing obligations that either are not yet overdue for a period of more than 60 days or are being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Airframe or any Engine, title thereto or any interest therein or any material risk of criminal liability or material civil penalty against Lessor or Owner Participant;
- (f) Liens (other than Liens for Taxes) arising out of any judgment or award (i) for 60 days after the entry of such judgment or award, provided that during such 60-day period there is no material risk of the sale, forfeiture or loss of the Airframe or any Engine, title thereto or any interest therein or any material risk of criminal liability or material civil penalty against Lessor or Owner Participant, or (ii) during an appeal or other proceeding for review regarding such judgment or award with respect to which there shall have been secured a stay of execution pending such appeal or review;
- (g) salvage or similar rights of insurers under insurance policies maintained pursuant to Section 11;

(h) the respective rights of the financing parties under any financing arrangements entered into by Lessor or Owner Participant with respect to the Aircraft at any time, including, without limitation arrangements permitted by Section 8.3 of the Participation Agreement;

(i) Liens approved in writing by Lessor; and

(j) any other Lien with respect to which Lessee shall have provided cash collateral or other security adequate in the reasonable opinion of Lessor.

Liens described in clauses (a) through (j) above are referred to as “**Permitted Liens**”. Lessee will promptly take (or cause to be taken) such action as may be necessary duly to discharge (by bonding or otherwise) any Lien not excepted above if the same shall arise at any time.

Section 7. Registration, Maintenance and Operation; Possession; Insignia.

(a) Registration, Maintenance and Operation. Lessee, at its expense, shall:

(i) subject to the further provisions of this Section 7, cause the Aircraft to remain duly registered at the FAA in the name of Lessor, as owner, except:

(A) as otherwise required by the Transportation Code, or

(B) to the extent that such registration cannot be maintained (x) because of the failure of Lessor or Owner Participant to comply with the citizenship or other eligibility requirements for registration of aircraft under the Transportation Code or with Section 6.3.1 or 6.4.4 of the Participation Agreement or (y) because of the failure by Lessor or Owner Participant to execute and deliver, upon request of Lessee, any documents required for the renewal of such registration;

provided that Lessor and Owner Participant shall execute and deliver all such documents as may be required by the FAA from time to time for the purpose of effecting and continuing such registration, and shall not register the Aircraft or permit the Aircraft to be registered under any laws other than the United States at any time except as provided in the following proviso; and provided, further, that Lessee may at any time, with the prior written consent of Owner Participant (such consent not to be unreasonably withheld), subject to satisfaction of the Re-registration Conditions or waiver of any thereof by Owner Participant, cause the Aircraft or permit the Aircraft to be registered under the applicable statutes of any country in which a Permitted Sublessee could be based, in the name of Lessor or, if required by applicable Law, in the name of any other Person, and Lessor and Owner Participant shall cooperate with Lessee’s reasonable requests in effecting and continuing such foreign registration, and Lessee shall maintain such registration unless and until the Aircraft is re-registered in accordance with this Section 7;

(ii) cause the Aircraft to be maintained, serviced, repaired, reconditioned, overhauled, stored and tested in accordance with Lessee's maintenance program for aircraft of the same make and model, which shall be an FAA Part 121 approved program (the "**Maintenance Program**") (or, if the Aircraft is then registered in accordance with the terms of the Operative Documents in another country or shall be subleased to a Permitted Sublessee, in each case in accordance with the terms of this Lease, an Approved Program) and, except during any Sublease Period, in the same manner and with the same care used by Lessee with respect to comparable [A319/320/321]¹ aircraft and engines owned or operated by Lessee and utilized in similar circumstances (and, during any Sublease Period, by a maintenance performer appropriately approved by the FAA or EASA of recognized standing, experience and facilities to perform the relevant work on aircraft of the same make and model as the Aircraft and in the same manner and with the same care used by the Permitted Sublessee with respect to comparable [A319/320/321]² aircraft and engines owned or operated by the Permitted Sublessee and utilized in similar circumstances) so as to keep the Aircraft in the same operating condition as when delivered to Lessee hereunder (ordinary wear and tear excepted);

(iii) cause the Aircraft to be kept in such condition as may be necessary to enable an airworthiness certification of the Aircraft to be maintained in good standing at all times (other than during temporary periods of storage of not more than 90 calendar days in accordance with applicable regulations or during periods of grounding by applicable governmental authorities, except where such periods of grounding are the result of the failure by Lessee to maintain the Aircraft as otherwise required herein) under the Transportation Code or the applicable laws of any other jurisdiction in which the Aircraft may then be registered;

(iv) cause all records, logs and other documentation with respect to the Aircraft to be maintained as required by the FAA or the applicable central authority of the jurisdiction where the Aircraft is registered to be maintained in respect of the Aircraft (all such records, logs and other documentation to be maintained in the English language);

(v) maintain and update a one-way cross-reference table indicating for each of the Maintenance Program tasks the corresponding MPD reference task (if any); and

(vi) cause to be furnished to Lessor (A) such information that is readily available without undue expense as may be reasonably requested by Lessor to enable Lessor to file any reports, filings or statements required to be filed by Lessor with the FAA (or the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States) because of Lessor's interest in the Aircraft, and (B) such other information concerning the location, condition, use and operation of the Aircraft as Lessor may reasonably request.

¹ Specific aircraft type to be specified in each Lease.

² Specific aircraft type to be specified in each Lease.

Lessee agrees that it will comply with all mandatory airworthiness directives issued by the FAA (or the appropriate authorities in the jurisdiction where the Aircraft is registered) (each, an “AD” and collectively, “ADs”) in respect of the Aircraft which require compliance no later than the last day of the Term, as and to the extent required by such ADs and the Maintenance Program prior to such date. Lessee shall not be required to comply with any manufacturer service bulletins, except as and to the extent required by the Maintenance Program prior to the last day of the Term.

The Aircraft will not be maintained, used or operated in violation of any law, rule, regulation or order of any government or governmental authority having jurisdiction in any country in which the Aircraft is flown, or in violation of any AD, license or registration relating to the Aircraft issued by any such authority; provided that Lessee may in good faith contest the validity or application of any such law, rule, regulation, order, airworthiness certificate, license or registration or any AD referred to in the immediately preceding paragraph in any reasonable manner which does not materially adversely affect Lessor or Owner Participant or their respective interests in the Aircraft or any Operative Document, or involve any material risk of criminal liability or material civil penalty against Lessor or Owner Participant; and provided, further, that Lessee shall not be in default under this sentence if it is not possible for Lessee to comply with the laws of a jurisdiction other than the United States (or other than any jurisdiction in which the Aircraft is then registered) because of a conflict with the applicable laws of the United States (or such jurisdiction in which the Aircraft is then registered) in which event Lessee shall use its reasonable best efforts to cause the Aircraft to be removed, as soon as practicable, from the jurisdiction other than the United States (or other than the jurisdiction in which the Aircraft is then registered) creating the conflict or take such other reasonable action (including, if necessary, changing the registration of the Aircraft unless the Aircraft is then registered in the United States), as soon as practicable, as may be necessary to avoid the conflict.

Lessee may operate or allow the Aircraft to be operated anywhere in the world, except that Lessee agrees not to operate or locate the Aircraft, or suffer the Aircraft to be operated or located:

(A) in any area excluded from coverage by any insurance required by the terms of Section 11, except in the case of a requisition for use by the U.S. government where Lessee obtains indemnity in lieu of such insurance from the U.S. government against the risks and in the amounts required by Section 11 covering such area, or

(B) in any war zone or recognized or, in Lessee’s reasonable judgment, threatened area of hostilities unless covered by war risk insurance or unless the Aircraft is operated or used under contract with the U.S. government under which contract the U.S. government assumes liability for loss of, damage to, or loss of use of, the Aircraft and for injury to persons or damage to property of others.

(b) Possession. Lessee will not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of the Airframe or any Engine or install any Engine, or permit any Engine to be installed, on any airframe other than the Airframe; provided that Lessee or a Person permitted to be in possession of the Aircraft, the Airframe or any Engine may, without the prior consent of Lessor:

(i) [Intentionally Left Blank.]

(ii) deliver possession of the Airframe or any Engine to any Person for testing, service, repair, reconditioning, restoration, storage, maintenance, overhaul work or other similar purposes or for alterations, modifications or additions to the Airframe or such Engine to the extent required or permitted by the terms of this Lease;

(iii) transfer possession of the Airframe or any Engine to the U.S. government pursuant to a sublease, contract or other instrument, a copy of which shall be furnished to Lessor; provided that the term of such sublease (including, without limitation, any option of the sublessee to renew or extend) or the term of possession under such contract or other instrument shall not continue beyond the end of the Basic Term or any Renewal Term then in effect or any Renewal Term that Lessee has irrevocably notified Lessor that it will exercise;

(iv) subject the Airframe or any Engine to the CRAF Program or transfer possession of the Airframe or any Engine at any time to the U.S. government or any instrumentality or agency thereof in accordance with applicable laws, rulings, regulations or orders (including, without limitation, the CRAF Program); provided that Lessee (A) shall promptly notify Lessor upon transferring possession of the Airframe or any Engine pursuant to this clause (iv) and (B) in the case of a transfer of possession pursuant to the CRAF Program, within 60 days thereof, shall notify Lessor of the name, address and phone number of the responsible Contracting Office Representative for the Air Mobility Command of the U.S. Air Force or other appropriate Person to whom notices must be given with respect to such Airframe or Engine;

(v) install an Engine on an airframe owned by Lessee free and clear of all Liens except Permitted Liens and those which apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to the airframe as an entirety);

(vi) install an Engine on an airframe leased, purchased or owned by Lessee subject to a lease, conditional sale or other security agreement; provided that (A) such airframe is free and clear of all Liens except (1) the rights of the parties to the lease or conditional sale or other security agreement covering such airframe and (2) Liens of the type permitted by clause (v) above and (B) either (1) there shall have been obtained from the lessor, conditional vendor or secured party of such airframe a written agreement (which may be the lease or conditional sale or other security agreement covering such airframe), in form and substance satisfactory to Lessor (it being understood that an agreement from such lessor, conditional vendor or secured party substantially in the form

of Section 4(f) shall be deemed to be satisfactory to Lessor) whereby such lessor, conditional vendor or secured party expressly agrees that it will not acquire or claim any right, title or interest in any Engine by reason of such Engine being installed on such airframe at any time while such Engine is subject to this Lease or title thereto is held by Lessor or (2) such lease, conditional sale or other security agreement effectively provides that such Engine shall not become subject to the Lien of such lease, conditional sale or other security agreement at any time while such Engine is subject to this Lease or title thereto is held by Lessor, notwithstanding the installation thereof on such airframe;

(vii) install an Engine on an airframe owned by Lessee, leased to Lessee or owned by Lessee subject to a conditional sale or other security agreement under circumstances where neither clause (v) nor clause (vi) is applicable; provided that, if such installation shall divest Lessor's title to such Engine, such installation shall be deemed an Event of Loss with respect to such Engine and Lessee shall comply with Section 8(d) in respect thereof, it being understood that Lessor does not intend hereby to waive any right or interest it may have to or in such Engine under applicable law until compliance by Lessee with such Section 8(d); and

(viii) sublease any Engine or the Airframe and Engines or engines then installed on the Airframe; provided that (A) such sublease will be to a Permitted Sublessee; (B) the sublessee is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person; (C) the term of such sublease (including, without limitation, any option of the sublessee to renew or extend) shall not continue beyond the end of the Basic Term or any Renewal Term then in effect or any Renewal Term that Lessee has irrevocably notified Lessor that it will exercise; (D) such sublease shall require the sublessee to maintain such Engine or such Airframe and Engines, as the case may be (or cause such Engine or such Airframe and Engines, as the case may be, to be maintained) pursuant to an Approved Program and otherwise in compliance with the terms of this Lease; (E) Lessor and Owner Participant shall have received assurances reasonably satisfactory to the Owner Participant to the effect that the insurance provisions of the Lease shall have been complied with after giving effect to such sublease; and (F) such sublease will include a covenant from the Permitted Sublessee, for the benefit of Lessee and Lessor, to the effect that the Aircraft shall not be operated in violation of any law, rule, regulation or order of the U.S. government or any instrumentality or agency thereof restricting the countries in which the Aircraft may be operated;

provided that the rights of any transferee who receives possession by reason of a transfer permitted by this subsection (b) (other than the transfer of an Engine which is deemed an Event of Loss) shall be, during the period of such possession, subject and subordinate to, and any sublease permitted by this subsection (b) shall be made expressly subject and subordinate to, all the terms of this Lease, including, without limitation, Lessor's rights to repossession pursuant to Section 15 and to avoid and terminate such sublease upon the occurrence of an Event of Default, and Lessee shall in all events remain primarily liable hereunder for the performance and observance of all the terms and conditions of this Lease (including, without limitation, the terms and conditions set forth in Section 7(a)(ii) and Section 11) to the same extent as if such sublease

or transfer had not occurred, and that any such sublease shall provide that (except with respect to a sublease to a Permitted Sublessee described in clause (i) of the definition thereof) the sublessee may not further sub-lease the Aircraft. No sublease or other relinquishment of possession of the Airframe or any Engine shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder. Lessee shall, prior to entering into a sublease of the Airframe or Engines, notify Lessor of the identity of the sublessee and the term of such sublease, and provide Lessor with a copy of such sublease; provided that the identity of the sublessee and the existence and terms of such sublease shall be Confidential Information and shall be held by Lessor in accordance with the provisions of Section 23. Any sublease having a term (including available renewal terms) in excess of 12 months shall be assigned to Lessor as additional security for the obligations of Lessee hereunder (such assignment to be on such terms and subject to such conditions (including the making of registrations with the International Registry and filings and notifications with the FAA or other applicable governmental authority) as shall be reasonably satisfactory to Lessor and Lessee).

Lessor acknowledges that any "wet lease" or other similar arrangement under which Lessee maintains operational control of the Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this subsection (b). No "wet lease" will extend beyond the Basic Term or any Renewal Term then in effect or any Renewal Term that Lessee has irrevocably notified Lessor that it will exercise.

(c) Insignia. No later than 30 days following the Delivery Date, Lessee shall affix and shall thereafter during the Term maintain in the cockpit of the Airframe adjacent to the airworthiness certificate therein and (if not prevented by applicable law or regulations or by any governmental authority) on each Engine a metal nameplate bearing the legible inscription "TITLE TO THIS AIRCRAFT/ENGINE IS HELD BY WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, NOT IN ITS INDIVIDUAL CAPACITY, BUT SOLELY AS OWNER TRUSTEE, AS LESSOR, WHICH HAS LEASED THIS AIRCRAFT/ENGINE TO AMERICAN AIRLINES, INC.", such nameplate to be replaced, if need be, with a nameplate reflecting the name of any successor Owner Trustee. Except as provided above, Lessee will not allow the name of any Person to be placed on the Airframe or on any Engine as a designation that constitutes a claim of ownership; provided that nothing herein contained shall prohibit Lessee from placing its customary colors and insignia (and those of any code-sharing partner or the **oneworld** global alliance or any member thereof) on such Airframe or Engine or displaying information concerning the registration of the Aircraft.

Section 8. Replacement and Pooling of Parts; Alterations, Modifications and Additions; Substitution of Engines.

(a) Replacement of Parts. Lessee, at its own cost and expense, will promptly replace or cause to be replaced all Parts which may from time to time be incorporated or installed in or attached to the Airframe or any Engine and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, except as otherwise provided in subsection (c) or if the Airframe or any Engine to which a Part relates has suffered an Event of Loss. In addition, Lessee may, at its own cost and expense, remove or cause to be removed in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not

worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided that Lessee, except as otherwise provided in subsection (c), will, at its own cost and expense, replace or cause to be replaced such Parts as promptly as practicable. All replacement parts shall be free and clear of all Liens (except for Permitted Liens) and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced, assuming such replaced Parts were in the condition and state of repair required by the terms hereof. Title to all Parts at any time removed from the Airframe or any Engine shall remain vested in Lessor, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to the Airframe or any Engine and which meet the requirements for replacement parts specified above. Immediately upon any replacement part becoming incorporated or installed in or attached to the Airframe or any Engine as above provided, without further act, (i) title to the replaced Part shall thereupon vest in Lessee, free and clear of all right, title and interest of Lessor and of Lessor's Liens and Liens of the type described in Section 6(h), and shall no longer be deemed a Part hereunder, (ii) title to such replacement part shall thereupon vest in Lessor free and clear of all Liens (except Permitted Liens) and (iii) such replacement part shall become subject to this Lease and be deemed part of the Airframe or such Engine, and a Part, for all purposes to the same extent as the Parts originally incorporated or installed in or attached to the Airframe or such Engine.

(b) Pooling of Parts. Any Part removed from the Airframe or an Engine as provided in subsection (a) may be subjected by Lessee or a Person permitted hereunder to be in possession of the Aircraft to a pooling arrangement customary in the airline industry entered into in the ordinary course of Lessee's or such other Person's business; provided that a part replacing such removed Part shall be incorporated or installed in or attached to the Airframe or such Engine in accordance with subsection (a) as promptly as practicable after the removal of such removed Part, but in any case before the last day of the Term. In addition, any replacement Part when incorporated or installed in or attached to the Airframe or an Engine in accordance with subsection (a) may be owned by a third party subject to such a pooling arrangement; provided that Lessee, at its expense, as promptly thereafter as practicable, either (i) causes title to such replacement Part to vest in Lessor in accordance with subsection (a) by Lessee (or any such Person) acquiring title thereto for the benefit of, and transferring such title to, Lessor free and clear of all Liens (other than Permitted Liens) or (ii) replaces or causes to be replaced such replacement Part by incorporating or installing in or attaching to the Airframe or such Engine a further replacement Part owned by Lessee (or any such Person) free and clear of all Liens (other than Permitted Liens) and otherwise satisfying the requirements of subsection (a) above, and by causing title to such further replacement Part to vest in Lessor in accordance with subsection (a).

(c) Alterations, Modifications and Additions. Lessee will make or cause to be made such alterations and modifications in and additions to the Airframe, the Engines and the Parts as may be required from time to time to meet the applicable standards of the FAA or other applicable regulatory agency or body of the foreign jurisdiction in which the Aircraft is then registered as permitted by Section 7(a); provided that Lessee may in good faith contest the validity or application of any such standard in any reasonable manner which does not materially adversely affect Lessor, Owner Participant or their respective interests in the Aircraft or involve any material risk of criminal liability or material civil penalty against Lessor or Owner

Participant. In addition, Lessee, at its own expense, may from time to time make or cause to be made such alterations and modifications in and additions to the Airframe, any Engine or any Part as Lessee may deem desirable in the proper conduct of its business, including without limitation, removal of Parts that Lessee deems to be obsolete or no longer suitable or appropriate for use on the Airframe or such Engine (such Parts, “**Obsolete Parts**”); provided that no such alteration, modification, addition or removal shall materially diminish the value (except as described in the last proviso of this sentence) or utility of the Airframe or such Engine, or impair the condition or airworthiness thereof, below the value, utility, condition and airworthiness thereof immediately prior to such alteration, modification, addition or removal assuming the Airframe or such Engine was then of the value and utility and in the condition and airworthiness required to be maintained by the terms of this Lease; provided that the value (but not the utility, condition or airworthiness) of the Aircraft may be reduced by the value of the Obsolete Parts which shall have been removed, if the aggregate value of all such Obsolete Parts removed from the Aircraft and not replaced in accordance with the terms of this Section 8 shall not exceed the amount specified in Schedule A to the Participation Agreement. Title to all Parts incorporated or installed in or attached or added to the Airframe or any Engine or Part as the result of such alteration, modification or addition shall, without further act, vest in Lessor. Lessor shall not be required under any circumstances to pay or compensate Lessee for any such alteration, modification or addition. Notwithstanding the foregoing, Lessee may, at any time during the Term, remove any Part; provided that (i) such Part is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached (or which should have been incorporated or installed in or attached) to the Airframe or such Engine at the time of delivery thereof to Lessee on the Delivery Date or any Part in replacement of, or substitution for, any such Part, (ii) such Part is not required to be incorporated or installed in or attached or added to such Airframe or Engine pursuant to the first sentence of this subsection (c), and (iii) such Part can be removed from the Airframe or such Engine without materially diminishing or impairing the value, utility, condition or airworthiness required to be maintained by the terms of this Lease which the Airframe or such Engine would have had at such time had such Part never been installed on the Airframe or such Engine. Upon the removal by Lessee of any Part as provided in the immediately preceding sentence or the removal of any Obsolete Part permitted by this subsection (c), title thereto shall, without further act, vest in Lessee, free and clear of all right, title and interest of Lessor and of Lessor’s Liens, and such Part shall no longer be deemed part of the Airframe or the Engine from which it was removed. Title to any Part not removed by Lessee as provided in such second preceding sentence prior to the return of the Airframe or such Engine to Lessor hereunder shall remain vested in Lessor.

(d) Substitution of Engines.

(i) Lessee shall have the right at its option at any time, so long as no Event of Default shall have occurred and be continuing, on at least 30 days’ prior notice to Lessor, to terminate this Lease with respect to any Engine by substituting a Replacement Engine for such Engine (it being understood that the Return Conditions shall apply, in lieu of this Section 8(d), to any substitutions that occur pursuant to Section 1 of Annex B). In addition, if an Event of Loss shall have occurred or shall have been deemed to have occurred pursuant to Section 7(b) or Section 10(d) with respect to an Engine (other than an Event of Loss that also includes the Airframe, in which event Section 10(a) shall apply), Lessee shall within 60 days of the occurrence of such Event of

Loss and on at least five days' prior notice to Lessor substitute a Replacement Engine for such Engine (any such Engine suffering such Event of Loss or being substituted pursuant to the first sentence of this paragraph, a "**Replaced Engine**"). Any such Replacement Engine will have value and utility at least equal to (but in any event without regard to the number of hours or cycles) the Replaced Engine (assuming that such Replaced Engine was of the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss); provided that, if any Replacement Engine is being substituted for a Replaced Engine pursuant to the first sentence of this paragraph, any such Replacement Engine will have value and utility at least equal to (taking into account the number of hours or cycles since new or overhaul, whichever is more recent) the Replaced Engine (assuming that such Replaced Engine was of the condition and repair required by the terms hereof immediately prior to such substitution). No Event of Loss with respect to an Engine shall result in any reduction in Basic Rent.

(ii) Prior to or at the time of any such substitution, Lessee shall:

(A) furnish Lessor with a warranty (as to title) bill of sale (which warranty shall except Permitted Liens) with respect to such Replacement Engine, which in the case of any such conveyance to which the Cape Town Treaty is applicable shall be in such form as will qualify as a "contract of sale" pursuant to Article V of the Aircraft Protocol;

(B) if the seller of such Replacement Engine is "situated in" a country that has ratified the Cape Town Treaty, cause the sale of such Replacement Engine to Lessor to be registered on the International Registry as a Sale (or, if the seller of such Replacement Engine is not situated in a country that has ratified the Cape Town Treaty, use reasonable efforts to cause the seller to register the sale of such Replacement Engine on the International Registry);

(C) cause a Lease Supplement substantially in the form of Exhibit A, subjecting such Replacement Engine to this Lease, and duly executed by Lessee, to be delivered to Lessor for execution (and Lessor shall promptly execute such Lease Supplement) and, upon such execution, to be filed for recordation pursuant to the Transportation Code or, if necessary, pursuant to the applicable laws of such jurisdiction other than the United States in which the Aircraft is registered, as the case may be;

(D) cause the International Interest created pursuant to the Lease Supplement in favor of Lessor with respect to such Replacement Engine to be registered on the International Registry as an International Interest;

(E) furnish Lessor with such evidence of compliance with the insurance provisions of Section 11 with respect to such Replacement Engine as Lessor may reasonably request; and

(F) (x) if such Replacement Engine is being substituted for a Replaced Engine pursuant to the first sentence of Section 8(d)(i), furnish Lessor

with a certificate of an aircraft engineer or appraiser (who may be an employee of Lessee) certifying that such Replacement Engine has a value and utility (taking into account the number of hours or cycles since new or overhaul, whichever is more recent) at least equal to, and is in as good operating condition as, the Engine so replaced assuming such Engine was in the condition and repair required by the terms hereof; and (y) if such Replacement Engine is being substituted for a Replaced Engine pursuant to the second sentence of Section 8(d)(i), furnish Lessor with a certificate of an aircraft engineer or appraiser (who may be an employee of Lessee) certifying that such Replacement Engine has a value and utility (but in any event without regard to the number of hours or cycles) at least equal to, and is in as good operating condition as, the Engine so replaced assuming such Engine was in the condition and repair required by the terms hereof.

Promptly following the recordation of the Lease Supplement covering such Replacement Engine pursuant to the Transportation Code (or pursuant to the applicable laws of the jurisdiction in which the Aircraft is registered) described in clause (C), and the registrations on the International Registry described in clauses (B) and (D), Lessee will cause to be delivered to Lessor an opinion of Aviation Counsel as to such recordation and registration.

(iii) Upon full compliance by Lessee with the terms of subsection (ii), Lessor will transfer to Lessee or its designee the Replaced Engine in accordance with Section 4(g). For all purposes hereof, each Replacement Engine shall, after delivery of the warranty (as to title) bill of sale with respect to such Replacement Engine to Lessor, be deemed part of the property leased hereunder, and be deemed an "Engine" as defined herein, and such Replaced Engine shall cease to be an Engine leased hereunder.

(e) Excluded Equipment. Lessee may install in, and remove from, the Aircraft any Excluded Equipment, and in any such case, Lessor will not acquire or claim any right, title or interest in any such Excluded Equipment as a result of its installation on the Aircraft; provided that in connection with any removal of Excluded Equipment, Lessee shall repair any damage to the Aircraft caused by such removal and shall restore the applicable areas from which such Excluded Equipment was removed to a serviceable condition appropriate for commercial passenger service by Lessee.

Section 9. [Intentionally Left Blank].

Section 10. Loss, Destruction, Requisition, etc.

(a) Event of Loss with Respect to the Airframe. Upon the occurrence during the Term of an Event of Loss with respect to the Airframe, Lessee shall within 15 days after such occurrence give Lessor notice of such Event of Loss, and Lessee shall, on the Loss Payment Date, pay, or cause to be paid, (A) to Lessor, the Stipulated Loss Value for the Aircraft and (B) to the Persons entitled thereto, all Supplemental Rent other than Stipulated Loss Value due and owing on such Loss Payment Date; provided that (x) if the Loss Payment Date is a Lease Period Date, Lessee shall have no obligation to pay the installment of Basic Rent that would otherwise be due and payable on such Lease Period Date and (y) if the Loss Payment Date

is not a Lease Period Date, Lessee shall be entitled to credit against its obligation to pay Stipulated Loss Value the portion of the installment of Basic Rent allocable to the period from (and including) such Loss Payment Date to (but not including) the next succeeding Lease Period Date, or if no Lease Period Date succeeds such Loss Payment Date, the last day of the Term.

The “**Loss Payment Date**” with respect to an Event of Loss means the 90th day following the date of the occurrence of such Event of Loss.

In the event of payment in full of the Stipulated Loss Value for the Aircraft and all amounts payable pursuant to this Section 10(a):

- (i) the obligation of Lessee to pay Basic Rent hereunder on any Lease Period Date occurring on or subsequent to the Loss Payment Date shall terminate;
- (ii) the obligation of Lessee to pay Supplemental Rent (other than payments of Supplemental Rent for indemnities surviving pursuant to Section 7.3.1 of the Participation Agreement or to be made by Lessee in respect of liabilities and obligations of Lessee which have accrued but not been paid or which are in dispute as of the date of such payment) shall terminate;

(iii) the Term shall end; and

(iv) Lessor shall transfer the Aircraft to Lessee or its designee in accordance with Section 4(g).

(b) Payments with Respect to Events of Loss. Any payments (other than insurance proceeds, the application of which is provided for in Section 11) received at any time by Lessor or by Lessee from any governmental authority or other Person with respect to an Event of Loss to the Airframe or any Engine will be applied as follows:

- (i) if such payments are received with respect to the Airframe (or the Airframe and the Engines or engines installed on the Airframe), (A) such payments shall, after reimbursement of Lessor for costs and expenses, be applied in reduction of Lessee’s obligation to pay the Stipulated Loss Value and other amounts required to be paid by Lessee pursuant to subsection (a), if not already paid by Lessee or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of Stipulated Loss Value and such other amounts, and (B) the balance, if any, of such payment remaining thereafter will be apportioned between Lessee (or its designee) and Lessor as their interests may appear; and
- (ii) if such payments are received with respect to an Event of Loss with respect to an Engine under circumstances contemplated by Section 8(d), such payments shall be paid over to, or retained by, Lessee or its designee; provided that, in the case of an Engine with respect to which an Event of Loss shall have occurred or shall have been deemed to have occurred pursuant to Section 7(b) or Section 10(d), Lessee shall have fully performed the terms of Section 8(d) with respect to the Event of Loss for which such payments are made.

(c) Requisition for Use of the Airframe Not Constituting an Event of Loss. In the event of the requisition for use by the U.S. government (including for this purpose any agency or instrumentality thereof), including, without limitation, pursuant to the CRAF Program, of the Airframe and the Engines or engines installed thereon during the Term not constituting an Event of Loss, Lessee shall promptly notify Lessor of such requisition, and all of Lessee's obligations under this Lease with respect to the Aircraft shall (to the extent feasible with respect to obligations other than payment obligations) continue to the same extent as if such requisition had not occurred.

All payments received by Lessor or Lessee from the U.S. government for the use of the Airframe and such Engines or engines during the Term shall be paid over to, or retained by, Lessee or its designee; and all payments received by Lessor or Lessee from the U.S. government for the use of the Airframe and such Engines or engines after the Term shall be paid over to, or retained by, Lessor; provided that if such requisition constitutes an Event of Loss, then all such payments shall be applied as provided in Section 10(b).

(d) Requisition for Use by a Government of an Engine. In the event of the requisition for use by the U.S. government (including for this purpose any agency or instrumentality thereof), for a period in excess of 60 days, of any Engine (but not the Airframe) during the Term not constituting an Event of Loss, Lessee will replace such Engine hereunder by substituting another engine for such Engine in accordance with the terms of Section 8(d) to the same extent as if an Event of Loss had occurred with respect to such Engine, and any payments received by Lessor or Lessee from the U.S. government with respect to such requisition shall be paid over to, or retained by, Lessee or its designee.

(e) Application of Payments During Existence of Event of Default. Any amount referred to in subsection (b), subsection (c) or subsection (d) which is payable to Lessee or its designee shall not be paid to Lessee or its designee (or, if it has been previously paid directly to Lessee, shall not be retained by Lessee), if at the time of such payment an Event of Default shall have occurred and be continuing, but shall be paid to and held by Lessor pursuant to Section 22 as security for the obligations of Lessee under this Lease, and at such time as there shall not be continuing any such Event of Default such amount shall be paid to Lessee or its designee.

(f) Event of Loss with Respect to Engine. Upon the occurrence during the Term of an Event of Loss with respect to an Engine (other than an Event of Loss that also includes the Airframe, in which event Section 10(a) shall apply), the parties shall comply with the terms of Section 8(d) with respect thereto.

Section 11. Insurance.

(a) Aircraft Liability Insurance.

(i) Except as provided in clause (ii) of this subsection (a) and subject to self-insurance to the extent specified in subsection (c), Lessee will carry, or cause to be carried at no expense to the Specified Persons, aircraft liability insurance (including, but not limited to, bodily injury, personal injury and property damage liability, exclusive of

manufacturer's product liability insurance) and contractual liability insurance with respect to the Aircraft (x) in amounts per occurrence that are not less than the aircraft liability insurance applicable to similar aircraft and engines in Lessee's fleet on which Lessee carries insurance (provided that such liability insurance (including self-insurance specified in subsection (c)) shall not be less than the amount per occurrence certified in

the insurance report delivered to Lessor on the Delivery Date); (y) of the type usually carried by corporations engaged in the same or similar business, similarly situated with Lessee, and operating similar aircraft and engines and covering risks of the kind customarily insured against by Lessee; and (z) that is maintained in effect with insurers of recognized responsibility; provided that Lessee will carry, or cause to be carried, at no expense to the Specified Persons, aircraft liability war risk and allied perils insurance, if and only to the extent the same is maintained by Lessee with respect to other aircraft operated by Lessee on the same routes. Any policies of insurance carried in accordance with this subsection (a) and any policies taken out in substitution or replacement for any of such policies shall (A) name the Specified Persons as additional insureds; (B) subject to the conditions of clause (C) below, provide that, in respect of the interests of the Specified Persons in such policies, the insurance shall not be invalidated by any action or inaction of Lessee and shall insure the respective interests of the Specified Persons as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee; (C) provide that, except to the extent not provided for by the war risk and allied perils insurance provider, if such insurance is canceled for any reason whatsoever, or if any change is made in the policy that reduces the amount of insurance or the coverage certified in the insurance report delivered to the Specified Persons on the Delivery Date or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to any Specified Person for 30 days (seven days, or such other period as is customarily available in the industry, in the case of any war risk or allied perils coverage) after receipt by such Specified Person of written notice from such insurers of such cancellation, change or lapse; (D) provide that the Specified Persons shall not have any obligation or liability for premiums, commissions, assessments or calls in connection with such insurance; (E) provide that the insurers shall waive any rights of (1) set-off, counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Specified Persons to the extent of any moneys due to the Specified Persons and (2) subrogation against the Specified Persons to the extent that Lessee has waived its rights by its agreements to indemnify the Specified Persons pursuant hereto or in the other Operative Documents; (F) be primary without right of contribution from any other insurance that may be carried by any Specified Person; and (G) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. In the case of a sublease or contract with the U.S. government in respect of the Aircraft or any Engine, or in the case of any requisition for use of the Aircraft or any Engine by the U.S. government, a valid agreement by the U.S. government to indemnify Lessee, or an insurance policy issued by the U.S. government, against any risks that Lessee is required hereunder to insure against shall be considered adequate insurance for purposes of this subsection (a) to the extent of the risks (and in the amounts) that are the subject of such indemnification or insurance. The insurance provisions set forth above for the benefit of the Specified Persons shall only apply to the extent that Lessee has agreed to indemnify such Specified Person pursuant to the Operative Documents or a Lessee Consent and then only in such

³ Amount to be certified shall be no less than \$[****].

Specified Person's capacity as Lessor, Trust Company, Owner Participant or Back-Leveraging Indemnified Person, as applicable. To the extent that the war-risk and allied perils insurance provider does not provide for provision of direct notice to Specified Persons of cancellation, change or lapse in the insurance required hereunder, Lessee hereby agrees that upon receipt of notice of any thereof from such insurance provider it shall give the Specified Persons immediate notice of each cancellation or lapse of, or material change to, such insurance.

(ii) During any period that the Airframe or an Engine, as the case may be, is on the ground and not in operation, Lessee may carry or cause to be carried as to such non-operating Airframe or Engine, in lieu of the insurance required by clause (i) above, and subject to self-insurance to the extent specified in subsection (c), insurance otherwise conforming with the provisions of said clause (i) except that: (A) the amounts of coverage shall not be required to exceed the amounts of airline liability insurance from time to time applicable to airframes or engines owned or leased by Lessee of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation and (B) the scope of the risks covered and the type of insurance shall be the same as from time to time applicable to airframes or engines owned or leased by Lessee of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation.

(b) Insurance Against Loss or Damage to Aircraft.

(i) Except as provided in clause (ii) of this subsection (b), and subject to self-insurance to the extent specified in subsection (c), Lessee shall maintain, or cause to be maintained, in effect with insurers of recognized responsibility, at no expense to the Specified Persons, all-risk aircraft hull insurance covering the Aircraft and all-risk coverage with respect to any Engines or Parts while removed from the Aircraft (including, without limitation, war risk and allied perils insurance if and to the extent the same is maintained by Lessee or, in the case of a sublease to a Permitted Sublessee, such Permitted Sublessee, with respect to other aircraft operated by Lessee or such Permitted Sublessee, as the case may be, on the same routes) that is of the type usually carried by corporations engaged in the same or similar business and similarly situated with Lessee; provided that (x) such insurance (including self-insurance specified in subsection (c)) will at all times while the Aircraft is subject to this Lease be for an amount not less than the Stipulated Loss Value for the Aircraft from time to time and (y) such insurance need not cover an Engine while attached to an airframe not owned, leased or operated by Lessee (it being understood that nothing in the immediately preceding clause (y) is intended, and shall not be construed, to override the requirement set forth in Section 7(b) of having an Engine that is subject to a sublease or other transfer of possession pursuant to such Section 7(b) covered by insurance that complies with the terms of this subsection (b)). Any policies carried in accordance with this subsection (b) and any policies taken out in substitution or replacement for any such policies shall (A) provide that any insurance proceeds up to an amount equal to the Stipulated Loss Value, payable for any loss or damage constituting an Event of Loss with respect to the Aircraft, and any insurance proceeds in excess of the Insurance Threshold Amount, up to the amount of the Stipulated Loss Value, for any loss or damage to the Aircraft (or Engines) not

constituting an Event of Loss with respect to the Aircraft, shall be paid to the Loss Payee, and that all other amounts shall be payable to Lessee or its designee unless the insurer shall have received notice that an Event of Default exists, in which case all insurance proceeds for any loss or damage to the Aircraft (or Engines) up to the Stipulated Loss Value shall be payable to the Loss Payee; (B) subject to the conditions of clause (C) below, provide that, in respect of the interests of the Specified Persons in such policies, the insurance shall not be invalidated by any action or inaction of Lessee and shall insure their respective interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee; (C) provide that, except to the extent not provided by the war risk and allied perils insurance provider, if such insurance is canceled for any reason whatsoever, or if any change is made in the policy that reduces the amount of insurance or the coverage certified in the insurance report delivered to the Specified Persons on the Delivery Date or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to any Specified Person for 30 days (seven days, or such other period as is customarily available in the industry, in the case of any war risk or allied perils coverage) after receipt by such Specified Person of written notice from such insurers of such cancellation, change or lapse; (D) provide that the Specified Persons shall not have any obligation or liability for premiums, commissions, assessments or calls in connection with such insurance; (E) provide that the insurers shall waive any rights of (1) set-off, counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Specified Persons to the extent of any moneys due to the Specified Persons and (2) subrogation against the Specified Persons to the extent that Lessee has waived its rights by its agreements to indemnify the Specified Persons pursuant hereto or in the other Operative Documents; (F) be primary without right of contribution from any other insurance that may be carried by any Specified Person; and (G) contain a 50/50 provisional claims settlement clause of the type contained in AVS 103 (or its equivalent), if such a provision is available. In the case of a sublease or contract with the U.S. government in respect of the Aircraft or any Engine, or in the case of any requisition for use of the Aircraft or any Engine by the U.S. government, a valid agreement by the U.S. government to indemnify Lessee, or an insurance policy issued by the U.S. government, against any risks that Lessee is required hereunder to insure against shall be considered adequate insurance for purposes of this subsection (b) to the extent of the risks (and in the amounts) that are the subject of such indemnification or insurance. The insurance provisions set forth above for the benefit of the Specified Persons shall only apply to the extent that Lessee has agreed to indemnify such Specified Person pursuant to the Operative Documents or a Lessee Consent and then only in such Specified Person's capacity as Lessor, Trust Company, Owner Participant or Back-Leveraging Indemnified Person, as applicable. To the extent that the war-risk and allied perils insurance provider does not provide for provision of direct notice to Specified Persons of cancellation, change or lapse in the insurance required hereunder, Lessee hereby agrees that upon receipt of notice of any thereof from such insurance provider it shall give the Specified Persons immediate notice of each cancellation or lapse of, or material change to, such insurance.

(ii) During any period that the Airframe or Engine is on the ground and not in operation, Lessee may carry or cause to be carried as to such non-operating Airframe or Engine, in lieu of the insurance required by clause (i) above, and subject to self-insurance to the extent specified in subsection (c), insurance otherwise conforming with the provisions of said clause (i) except that the scope of the risks covered and the type of insurance shall be the same as from time to time applicable to airframes or engines owned or leased by Lessee of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation; provided that, subject to self-insurance to the extent permitted by subsection (c), Lessee shall maintain insurance against risk of loss or damage to such non-operating Airframe in an amount at least equal to the Stipulated Loss Value during such period that such Airframe is on the ground and not in operation.

(c) Self-Insurance. Lessee may from time to time self-insure, by way of deductible, self-insured retention, premium adjustment or franchise or otherwise (including, with respect to insurance maintained pursuant to subsection (a) or (b) above, insuring for a maximum amount that is less than the amounts required by subsection (a) or (b)), the risks required to be insured against pursuant to subsection (a) or (b), but in no case shall such self-insurance with respect to all of the aircraft and engines in Lessee's fleet (including, without limitation, the Aircraft) exceed for any 12-month policy year 1% of the average aggregate insurable value (for the preceding policy year) of all aircraft (including, without limitation, the Aircraft) on which Lessee carries insurance unless Lessee's independent aircraft insurance broker certifies that the standard among major U.S. airlines is a higher level of self insurance, in which event Lessee may self insure the Aircraft to such higher level; provided that a deductible per occurrence that, in the case of the Aircraft, is not in excess of the amount customarily allowed as a deductible in the industry or is required to facilitate claims handling shall be permitted in addition to the above-mentioned self-insurance.

(d) Application of Insurance Payments. All losses will be adjusted by Lessee with the insurers. All insurance payments received under policies required to be maintained by Lessee hereunder, exclusive of any payments received in excess of the Stipulated Loss Value for the Aircraft from such policies, as the result of the occurrence of an Event of Loss with respect to the Airframe or an Engine will be applied as follows:

(i) if such payments are received with respect to the Airframe (or the Airframe and the Engines installed on the Airframe), so much of such payments remaining after reimbursement of Lessor for its costs and expenses shall be applied (A) in reduction of Lessee's obligation to pay the Stipulated Loss Value and other amounts required to be paid by Lessee pursuant to Section 10(a), if not already paid by Lessee, or, if already paid by Lessee, will be applied to reimburse Lessee for its payment of such Stipulated Loss Value and such other amounts, and (B) the balance, if any, of such payment remaining thereafter will be paid over to, or retained by, Lessee or its designee; and

(ii) if such payments are received with respect to an Event of Loss with respect to an Engine under the circumstances contemplated by Section 8(d), such payments shall be paid over to, or retained by, Lessee or its designee; provided that in the case of an Engine with respect to which an Event of Loss shall have occurred or shall have been deemed to have occurred pursuant to Section 7(b) or Section 10(d) Lessee shall have fully performed the terms of Section 8(d) with respect to the Event of Loss for which such payments are made.

In all events, the insurance payment for any loss or damage to the Aircraft in excess of the Stipulated Loss Value for the Aircraft shall be paid to Lessee or its designee.

The insurance payments for any loss or damage to the Airframe or an Engine not constituting an Event of Loss with respect to the Airframe or such Engine will be applied in payment (or to reimburse Lessee) for repairs or for replacement property in accordance with the terms of Section 7 and Section 8, and any balance remaining after compliance with such Sections with respect to such loss or damage shall be paid to Lessee or its designee. Any amount referred to in the preceding sentence or in clause (i) or (ii) of the second preceding paragraph which is payable to Lessee or its designee shall not be paid to Lessee or its designee (or, if it has been previously paid directly to Lessee, shall not be retained by Lessee) if at the time of such payment an Event of Default shall have occurred and be continuing, but shall be paid to and held by Lessor pursuant to Section 22, as security for the obligations of Lessee under this Lease, and at such time as there shall not be continuing any such Event of Default, such amount shall be paid to Lessee or its designee.

(e) Reports, Etc. On or before the Delivery Date, and annually upon renewal of Lessee's insurance coverage, Lessee will furnish to each Specified Person a report signed by a firm of independent aircraft insurance brokers appointed by Lessee (which firm may be in the regular employ of Lessee), stating the opinion of such firm that the commercial hull and liability insurance then carried and maintained on the Aircraft complies with the terms hereof; provided that all information contained in such report shall be Confidential Information and shall be treated as such by each of the Specified Persons and their respective officers, directors, agents and employees in accordance with the provisions of Section 23. Lessee will cause such firm to agree to advise each Specified Person in writing of any default in the payment of any premium or of any other act or omission on the part of Lessee of which such firm has knowledge and that might invalidate or render unenforceable, in whole or in part, any insurance on the Aircraft. Lessee will also cause such firm to advise each Specified Person in writing as promptly as practicable after such firm acquires knowledge that an interruption of any insurance carried and maintained on the Aircraft pursuant to this Section will occur.

(f) Salvage Rights; Other. All salvage rights to the Airframe and each Engine shall remain with Lessee's insurers at all times. Nothing in this Section shall limit or prohibit each Specified Person or Lessee from obtaining insurance for its own account, and at its sole expense, with respect to the Airframe or any Engine, and any proceeds payable under such insurance shall be payable as provided in the insurance policy relating thereto; provided that no such insurance may be obtained which would limit or otherwise adversely affect the coverage or amounts payable under, or increase the premiums for, any insurance required to be maintained pursuant to this Section or any other insurance maintained by Lessee (or, in the case of a sublease to a Permitted Sublessee, such Permitted Sublessee) with respect to the Aircraft or any other aircraft in the fleet of Lessee (or such Permitted Sublessee).

Section 12. Inspection.

(a) **Annual Inspection of Aircraft.** At all reasonable times during the Term (but not more than once annually unless an Event of Default has occurred and is continuing, in which case there shall be no restriction on the number of inspections), upon at least 10 days' prior written notice to Lessee from Lessor, Lessor or its authorized representative (together with any representative of a potential financing party, lessee or transferee, if applicable, referred to in **Section 12(b)**, the "**Inspecting Party**") may at its own expense (other than following the occurrence and during the continuance of an Event of Default, in which case the reasonable expenses of one inspection, as designated by the Lessor, shall be at the expense of Lessee) and risk (including, without limitation, any risk of personal injury), conduct a non-intrusive, visual walk-around inspection of the Aircraft and any Engine that may include going on board the Aircraft and examining the contents of any open panels, bays or other components of the Aircraft (but shall not include the opening of any unopened panels, bays or other components) and, subject to **Section 12(c)**, may inspect the books and records of Lessee relating to the Aircraft specified in **Annex C**; **provided** that (i) the Inspecting Party shall provide, prior to conducting any such inspection, assurances reasonably satisfactory to Lessee that it is fully insured with respect to any risks incurred in connection with any such inspection and, if requested by Lessee, a written release satisfactory to Lessee with respect to such risks; (ii) any such inspection shall be subject to the safety, security and workplace rules applicable at the location where such inspection is conducted and to the requirements of any applicable law; and (iii) all such inspections shall be conducted so as not to interfere with Lessee's business or the operation or maintenance of the Aircraft, and, in the case of an inspection during a maintenance visit, such inspection shall not in any respect interfere with the normal conduct of such maintenance visit or extend the time required for such maintenance visit (as determined by Lessee in its sole discretion).

Lessor shall not have any duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection. No inspection pursuant to this Section shall relieve Lessee of any of its obligations under this Lease. Lessee will, upon the request of Lessor at any time, notify Lessor of the time and location of the next scheduled heavy maintenance visit to be conducted by Lessee in respect of the Aircraft during the Term; **provided** that Lessee shall have the right in its sole discretion to reschedule, or change the location of, any heavy maintenance visit of which it shall have notified Lessor pursuant to this sentence, Lessee hereby agreeing to use reasonable efforts to notify Lessor of any such rescheduling or change.

(b) **Marketing Inspection of Aircraft.** In addition to the annual inspection described in **Section 12(a)**, but subject to the other conditions and requirements for inspections set forth in **Section 12(a)**, upon at least 10 days' prior written notice to Lessee and during times reasonably acceptable to Lessee, in connection with a proposed financing, lease or transfer of the Aircraft or of the Lease or Owner Participant's interest therein (including the Trust Estate), Lessor or Owner Participant or their respective authorized representatives, and up to two representatives of a potential financing party, lessee or transferee, if applicable, may inspect the Airframe and any Engines installed thereon and, unless Owner Participant has requested electronic records pursuant to **Section 12(c)**, the books and records of Lessee relating thereto specified in **Annex C** (any such inspection, a "**Marketing Inspection**"); **provided** that there shall be no more than two Marketing Inspections in any year. The identity of any potential financing party, lessee or transferee shall be held confidential by Lessee in manner consistent with the terms of **Section 10.4** of the Participation Agreement.

(c) Electronic Records. In lieu of the annual physical inspection of the books and records referred to in subsection (a) or physical inspection of the books and records referred in subsection (b), during the Term (but not more than three times annually) Lessor may request that Lessee provide to Lessor some or all of the books and records relating to the Aircraft that are available and are indicated in Annex C as being transmissible in electronic form, and Lessee shall provide such documents in electronic form within 30 days of such request to Lessor.

(d) Confidentiality. All information obtained from Lessee in electronic form or in connection with any inspection shall be Confidential Information and shall be held by Lessor, Owner Participant and any Inspecting Party in accordance with the provisions of Section 23.

(e) Compliance. Notwithstanding anything to the contrary in this Lease, in no event shall Lessee be required to permit Lessor, Owner Participant or any Inspecting Party to inspect any portion of the Aircraft or any Engine that Lessee would be prohibited from showing to such Person pursuant to the Export Administration Regulations or any other applicable law or to disclose to any such Person any information with respect to the Aircraft or any Engine that Lessee would be prohibited from disclosing to such Person pursuant to the Export Administration Regulations or any other applicable law.

Section 13. Assignment. Except as expressly permitted by the Participation Agreement and this Lease, Lessee will not, without the prior written consent of Lessor, such consent not to be unreasonably withheld, Transfer any of its rights or obligations hereunder. Except as expressly permitted by the Participation Agreement, this Lease and Article IX of the Trust Agreement, Lessor will not, without the prior written consent of Lessee, Transfer any of its right, title and interest in and to this Lease or the Aircraft. The terms and provisions of this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns.

Section 14. Events of Default. The following events shall constitute Events of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Event of Default shall be deemed to exist and continue so long as, but only so long as, it shall not have been remedied or waived:

(a) Lessee shall fail to make any payment of Basic Rent (other than the payment of Basic Rent due pursuant to Section U of the Return Conditions) or Stipulated Loss Value within five Business Days after such payment shall be or become due; or

(b) Lessee shall fail to make (i) any payment of Basic Rent due pursuant to Section U of the Return Conditions or (ii) any other payment of Supplemental Rent (including, without limitation, indemnity payments) hereunder (other than those described in subsection (a) above), in either case at the time required to be paid hereunder, and any such failure shall continue unremedied for a period of 10 Business Days after receipt by Lessee of written notice of such failure by Lessor; or

(c) Lessee shall fail to carry and maintain insurance on or with respect to the Aircraft in accordance with the provisions of Section 11; provided that, in the case of insurance with respect to which cancellation, change or lapse for nonpayment of premium shall not be effective as to Lessor or Owner Participant for 30 days (or seven days, or such other period as may from time to time be customarily obtainable in the industry, in the case of any war risk or allied perils coverage) after receipt of notice by Lessor or Owner Participant, as the case may be, of such cancellation, change or lapse, no such failure to carry and maintain insurance shall constitute an Event of Default until the earlier of (i) the date such failure shall have continued unremedied for a period of 20 days (or five days in the case of any war risk or allied perils coverage) after receipt by Lessor or Owner Participant, as the case may be, of the notice of cancellation, change or lapse referred to in Section 11(a)(i)(C) or Section 11(b)(i)(C) or (ii) the date on which such insurance is not in effect as to Lessor or Owner Participant; or

(d) Lessee shall fail to perform or observe any other material covenant, condition or agreement not specified elsewhere in this Section 14 to be performed by it under any Operative Document to which Lessee is a party, and such failure in any such case shall continue unremedied for a period of 30 days after receipt by Lessee of written notice thereof by Lessor; provided that, if such failure is capable of being remedied, no such failure shall constitute an Event of Default hereunder for a period of 120 days (or, if such failure relates to the performance or observance of any such covenant, condition or agreement contained in Section 7(a), 8(a), 8(b) or 8(c), 180 days) after receipt of such notice so long as Lessee is diligently proceeding to remedy such failure; or

(e) any representation or warranty made by Lessee in any Operative Document to which Lessee is a party or in any document or certificate furnished by Lessee to Lessor pursuant to the terms of any thereof shall prove to have been incorrect in any material respect at the time made, and such incorrectness shall continue to be material and shall continue to be unremedied for a period of 30 days after receipt by Lessee of written notice thereof by Lessor; or

(f) [except for the Chapter 11 Case and actions taken by Lessee in connection with the Chapter 11 Case,]⁴ Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property or shall admit in writing its inability to pay its debts generally as they come due or shall make a general assignment for the benefit of creditors; or

(g) [except for the Chapter 11 Case,]⁵ Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as in effect at such time) or any answer admitting the material allegations of a

⁴ Include if the Closing occurs during the pendency of the Chapter 11 Case.

⁵ *Id.*

petition filed against Lessee in any such proceeding, or Lessee shall, by voluntary petition or answer, consent to or seek relief under the provisions of any bankruptcy or other similar law (as in effect at such time) providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or

(h) an order, judgment, or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of any substantial part of its property, or sequestering any substantial part of the property of Lessee, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 90 days after the date of entry thereof; or

(i) [except for the Chapter 11 Case,]⁶ a petition against Lessee in a proceeding under the federal bankruptcy laws or other insolvency laws (as in effect at such time) shall be filed and shall not be withdrawn or dismissed within 90 days thereafter, or, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days; or

(j) an “Event of Default” under a Related Lease, if any, shall have occurred and be continuing.

provided that, notwithstanding anything to the contrary contained in this Lease, any failure of Lessee to perform or observe any covenant, condition, or agreement herein shall not constitute an Event of Default if such observance is prevented solely by reason of an event referred to in the definition of Event of Loss so long as Lessee is continuing to comply with the applicable terms of Section 10.

Section 15. Remedies. Upon the occurrence of an Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, declare this Lease to be in default by a written notice to Lessee (provided that this Lease shall be deemed to have been declared in default without the necessity of such written notice upon the occurrence of any Event of Default described in Section 14(g), (h) or (i)); and at any time thereafter, so long as Lessee shall not have remedied all outstanding Events of Default, Lessor may do one or more of the following, as Lessor shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law; provided that during any period the Aircraft is subject to the CRAF Program in accordance with the provisions of Section 7(b) and in the possession of the U.S. government or an instrumentality or agency thereof, Lessee shall not, on account of any Event of Default, be required to do any of the following in such manner as to limit Lessee’s operational control under this Lease (or any sublessee’s operational control under any sublease permitted by the terms of this Lease) of the Airframe or Engines, unless at least 60 days’ (or such other period as may then be applicable under the Air Mobility Command Program of the U.S. government) prior notice of default hereunder shall have been given by

⁶ *Id.*

Lessor by registered or certified mail to Lessee (or any sublessee) with a copy addressed to the Contracting Office Representative for the Air Mobility Command of the U.S. Air Force under any contract with Lessee (or any sublessee) relating to the Aircraft:

(a) cause Lessee, upon the written demand of Lessor and at Lessee's expense, to return promptly, and Lessee shall return promptly, all or such part of the Airframe and any Engines as Lessor may so demand, to Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, Section 5 as if the Airframe or such Engines were being returned at the end of the Term; or Lessor, at its option, after Lessee shall have failed to so return the Aircraft after such demand, may enter upon the premises where the Airframe is or any or all Engines are located or reasonably believed to be located and, without breach of peace, take immediate possession of and remove such Airframe or Engines (together with any engine which is not an Engine but which is installed on the Airframe, subject to all of the rights of the owner, lessor, lienor or secured party of such engine; provided that, in the event that an engine (which is not an Engine) is installed on the Airframe, such engine shall be held for the account of any such owner, lessor, lienor or secured party or, if owned by Lessee, may, at the option of Lessee with the consent of Lessor (which consent shall not be unreasonably withheld) or at the option of Lessor with the consent of Lessee (which consent shall not be unreasonably withheld), be exchanged with Lessee for an Engine in accordance with the Return Conditions), by summary proceedings or otherwise, all without liability to Lessor for or by reason of such entry or taking possession; or

(b) sell all or any part of the Airframe and any Engine at public or private sale, whether or not Lessor shall at the time have possession thereof, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle all or any part of the Airframe or such Engine as Lessor, in its sole discretion, may determine, free and clear of any rights of Lessee; or

(c) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under clause (a) or clause (b) above with respect to all of any part of the Airframe or any Engine, Lessor, by written notice to Lessee, may cause Lessee to pay to Lessor, and Lessee shall pay to Lessor, on a payment date that is at least 15 days from the date of such written notice (such payment date, the "**Specified Payment Date**"), as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for Lease Period Dates occurring on and after the Specified Payment Date):

(i) any unpaid Basic Rent due on Lease Period Dates prior to the Specified Payment Date, provided that (x) if the Specified Payment Date is a Lease Payment Date, Lessee shall have no obligation to pay the installment of Basic Rent that would otherwise be due and payable on the Lease Period Date that is the Specified Payment Date and (y) if the Specified Payment Date is not a Lease Payment Date, Lessee shall be entitled to credit against its payment obligations in this subsection (c) the portion of the installment of Basic Rent allocable to the period from (and including) such Specified Payment Date to (but not including) the next succeeding Lease Period Date, or if no Lease Period Date succeeds such specified Payment Date, the last day of the Term; plus

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value for the Aircraft computed as of the Reference Stipulated Loss Value Determination Date, over the amount determined as provided in clause (A) or (B) below, as applicable (whether to use the amount determined as provided in clause (A) or in clause (B) shall have been specified in such written notice by Lessor, in its sole discretion):

(A) the sum of (x) the Fair Market Rental Value of the Aircraft for the remainder of the useful life of the Aircraft, after discounting such Fair Market Rental Value to present value as of the Specified Payment Date at an annual rate equal to 4% and (y) the salvage value of the Aircraft at the end of its useful life (as such salvage value is determined by mutual written agreement between Lessor and Lessee or, in the absence of mutual written agreement, pursuant to an Independent Appraisal) after discounting such salvage value to the present value as of the Specified Payment Date at an annual rate equal to 4%, or

(B) the Fair Market Sales Value of the Aircraft determined as of the Specified Payment Date; or

(d) in the event Lessor, pursuant to clause (b) above, shall have sold the Aircraft, Lessor, in lieu of exercising its rights under clause (c) above with respect to the Aircraft, by written notice to Lessee, may cause Lessee to pay to Lessor, and Lessee shall pay to Lessor, on the fifth day following the date of such sale (such fifth day, the “**Sale Date**”), as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due on Lease Period Dates occurring on and after the Sale Date):

(i) any unpaid Basic Rent due on Lease Period Dates prior to the Sale Date; provided that (x) if the Sale Date is a Lease Period Date, Lessee shall have no obligation to pay the installment of Basic Rent that would otherwise be due and payable on the Lease Period Date that is the Sale Date and (y) if the Sale Date is not a Lease Period Date, Lessee shall be entitled to credit against its payment obligations in this subsection (d) the portion of the installment of Basic Rent allocable to the period from (and including) such Sale Date to (but not including) the next succeeding Lease Period Date, or if no Lease Period Date succeeds such Sale Date, the last day of the Term; plus

(ii) (A) if such sale is a public or private sale to a purchaser that is not an Affiliate of Owner Participant, the Stipulated Loss Value for the Aircraft, computed as of the Reference Stipulated Loss Value Determination Date, minus the net proceeds of such sale (after deduction of all actual and reasonable out-of-pocket costs of such sale) or (B) if such sale is a public or private sale to an Affiliate of Owner Participant, the Stipulated Loss Value for the Aircraft, computed as of the Reference Stipulated Loss Value Determination Date, minus the Fair Market Sales Value of the Aircraft, determined as of the Sale Date; or

(e) rescind this Lease as to the Aircraft, or exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action, either at law or in equity, to enforce the terms or to recover damages for the breach hereof.

In addition, to the extent permitted by applicable Law, Lessee shall be liable, except as otherwise provided above, and without duplication of amounts payable hereunder, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other actual and reasonable costs and expenses incurred by Lessor or Owner Participant by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of the Airframe or any Engine in accordance with the Return Conditions or in placing such Airframe or Engine in the condition and airworthiness required by the Return Conditions (provided that, for the avoidance of doubt, Lessee shall not be liable for any amounts or obligations with respect to Return Conditions if Lessor exercises any remedy under subsection (c) or (d)). At any sale of the Airframe or an Engine or part thereof pursuant to this Section, Lessor or Owner Participant may bid for and purchase such property. Lessor agrees to give Lessee at least 30 days' prior written notice of the date fixed for any public sale of the Airframe or any Engine or of the date on or after which any private sale will be held and of any lease or other disposition of the Aircraft, which notice Lessee hereby agrees to the extent permitted by applicable law is reasonable notice. Except as otherwise expressly provided above, to the extent permitted by applicable Law, no remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and, to the extent permitted by applicable Law, the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. To the extent permitted by applicable Law, no express or implied waiver by Lessor of any Event of Default shall in any way be, or construed to be, a waiver of any future or subsequent Event of Default.

Notwithstanding anything to the contrary set forth herein or in any other Operative Document, but subject to the next sentence (i) as permitted by Article 15 of the Cape Town Convention, the provisions of Chapter III of the Cape Town Convention are hereby excluded and made inapplicable to this Lease and the other Operative Documents, except for those provisions of such Chapter III that cannot be derogated from and (ii) as permitted by Article IV(3) of the Aircraft Protocol, the provisions of Chapter II of the Aircraft Protocol are hereby excluded and made inapplicable to this Lease and the other Operative Documents, except for (x) Article XVI of the Aircraft Protocol and (y) those provisions of such Chapter II that cannot be derogated from. The parties agree that the exercise of remedies hereunder and the other Operative Documents is subject to other applicable Law, including without limitation, the UCC (as in effect in the State of New York) and the Bankruptcy Code, and that nothing herein derogates from the rights of Lessor or Lessee under or pursuant to such other applicable Law.

Section 16. Further Assurances. Forthwith upon the execution and delivery of each Lease Supplement from time to time required by the terms hereof, Lessee will cause such Lease Supplement (and, in the case of Lease Supplement No. 1, this Lease) to be duly filed and recorded in accordance with the Transportation Code or the applicable Laws of such jurisdiction other than the United States in which the Aircraft is registered, as the case may be. In addition, each of Lessor and Lessee will promptly and duly execute and deliver to the other such further documents and assurances and take such further action as may from time to time be reasonably requested in order more effectively to carry out the intent and purpose of this Lease including, without limitation, if requested by Lessee or Lessor, the execution and delivery of supplements

or amendments hereto, each in recordable form, subjecting to this Lease any Replacement Engine and the recording or filing of counterparts thereof; provided that this sentence is not intended to impose upon Lessee any additional liabilities not otherwise contemplated by this Lease.

Section 17. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents or waivers required or permitted under the terms and provisions of this Lease shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, postage prepaid, overnight courier service or facsimile, and any such notice shall be effective when received (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) and addressed as follows:

(a) if to Lessee:

American Airlines, Inc.
4333 Amon Carter Boulevard, MD 5662
Fort Worth, Texas 76155
Attention: Treasurer
Facsimile: 817.967.4318
Telephone: 817.963.1234

(b) if to Lessor:

Wells Fargo Bank Northwest, National Association
MAC: 1240-026
260 N. Charles Lindbergh Dr.
Salt Lake City, UT 84116
Attention: Corporate Trust Lease Group
Facsimile: 801.246.7142
Telephone: 801.246.6000

(c) if to Owner Participant:

[Name of Owner Participant]
[Address of Owner Participant]
Attention:
Facsimile:
Telephone:

Any party, by notice to the other parties hereto, may designate different addresses for subsequent notices or communications. Whenever the words “notice” or “notify” or similar words are used herein, they mean the provision of formal notice as set forth in this Section 17.

Section 18. No Set-Off, Counterclaim, etc. This Lease is a net lease and to the full extent permitted by applicable law, Lessee's obligation to pay all Basic Rent and Stipulated Loss Value shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation:

- (a) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, Owner Participant or any other Person for any reason whatsoever;
- (b) any defect in the title, airworthiness, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of, the Aircraft;
- (c) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee or any Permitted Sublessee or any other Person; or
- (d) any other circumstances, happening or event whatsoever, whether or not unforeseen or similar to any of the foregoing.

Lessee hereby waives, to the full extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. Nothing contained in this Section shall be construed to waive any claim which Lessee may have hereunder (including, without limitation, claims that Basic Rent, Stipulated Loss Value or any other payments demanded from or paid by Lessee are or were erroneous) or otherwise or to limit the right of Lessee to make any claim it may have against Lessor, Owner Participant or any other Person or to pursue any such claim in such manner as Lessee shall deem appropriate.

Section 19. Section 1110. It is the intention of the parties hereto that this Lease, to the fullest extent available under applicable law, entitles Lessor to the benefits of Section 1110 with respect to the Aircraft. In furtherance of the foregoing, Lessor and Lessee hereby confirm that this Lease is to be treated as a lease for U.S. federal income tax purposes. Nothing contained in this paragraph shall be construed to limit Lessee's use and operation of the Aircraft under this Lease or constitute a representation or warranty by Lessee as to tax consequences.

Section 20. Monies Received by Lessor. Except as otherwise provided herein, any monies received by Lessor in excess of the amounts to which Lessor is entitled pursuant to the terms hereof shall immediately be paid over by Lessor to Lessee.

Section 21. Renewal Options. Lessee shall have the right to extend this Lease with respect to the Aircraft for two successive periods having a duration of two years each (each such period being hereinafter referred to as a "**Renewal Term**"), each commencing at the expiration of the Basic Term or a Renewal Term, as the case may be. During any such Renewal Term, (a) the monthly Basic Rent shall be the monthly equivalent of the Fair Market Rental Value of the Aircraft and (b) the monthly Stipulated Loss Value amounts shall be the Stipulated Loss Value as of the last day of the Basic Term and thereafter the Stipulated Loss Value shall decline monthly on each Stipulated Loss Value Determination Date during such Renewal Term at a rate of 3% per annum through the end of such Renewal Term. Each such option to renew shall be exercised upon written revocable notice from Lessee to Lessor given not less than 300 days prior to (i) the Lease Expiry Date or (ii) the last day of the Renewal Term then in effect, as the case may be. Within 30 days of Lessee's delivery of such revocable notice to Lessor, Lessee

and Lessor shall calculate the amounts that would be payable in respect of Basic Rent and Stipulated Loss Value during such Renewal Term in accordance with the second sentence of this Section (including the determination of the applicable Fair Market Rental Value of the Aircraft by mutual agreement or Independent Appraisal), and promptly following such calculation (but in any event no later than the date that is 270 days prior to (i) the Lease Expiry Date or (ii) the last day of the Renewal Term then in effect, as the case may be), Lessee shall either deliver an irrevocable notice to renew the Lease or revoke its earlier revocable notice to renew the Lease. If no Event of Default shall have occurred and be continuing on the Lease Expiry Date or the last day of the Renewal Term then in effect, as the case may be, then this Lease shall be extended for the additional period of such Renewal Term at the Basic Rent and Stipulated Loss Value amounts calculated pursuant to the preceding sentence, and otherwise on the same conditions provided for herein.

Section 22. Investment of Security Funds. Any moneys which are (a) held by Lessor pursuant to the terms hereof, (b) required to be paid to or retained by Lessor and not required to be paid to Lessee pursuant to Section 10(e) or Section 11(d), solely because an Event of Default shall have occurred, or (c) required to be paid to Lessee pursuant to Section 10(b) or Section 11(d) after completion of a replacement to be made pursuant to Section 8(d), shall, until paid to Lessee as provided in Section 10 or Section 11, be invested in Permitted Investments by Lessor from time to time as directed in writing by Lessee or, if an Event of Default shall have occurred and is continuing, as directed in writing by Owner Participant. There shall, so long as no Event of Default shall have occurred and be continuing, be promptly remitted to Lessee any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment), and Lessee will promptly pay to Lessor, on demand, the amount of any loss realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment).

Section 23. Confidential Information. All Confidential Information shall be held confidential by Lessor in accordance with Section 10.4 of the Participation Agreement.

Section 24. Lessor Right to Perform for Lessee. If Lessee fails to make any payment of Rent required to be made by it hereunder, Lessor may, on behalf of Lessee and upon prior notice to Lessee, itself make such payment. The amount of any such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment shall be deemed Supplemental Rent immediately due and payable as of and when such payment is made by Lessor.

Section 25. Lessee's Performance and Rights. Any obligation imposed on Lessee in this Lease shall require only that Lessee perform or cause to be performed such obligation, even if stated herein as a direct obligation, and the performance of any such obligation by a permitted assignee, sublessee or transferee under an assignment, sublease or transfer agreement then in effect shall constitute performance by Lessee and to the extent of such performance in accordance with the terms of the applicable assignment, sublease or transfer agreement, discharge such obligation by Lessee. Except as otherwise expressly provided in this Lease, any right granted to Lessee in this Lease shall grant Lessee the right to exercise such right or permit such right to be exercised by such assignee, sublessee or transferee with the same force

and effect as if such assignee, sublessee or transferee were named as “Lessee” herein. The inclusion of specific references to obligations or rights of any such assignee, sublessee or transferee in certain provisions of this Lease shall not in any way prevent or diminish the application of the provisions of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any such assignee, sublessee or transferee has not been made in this Lease.

Section 26. Concerning Lessor. Wells Fargo Bank Northwest, National Association is entering into the Operative Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity (except as expressly provided in the Operative Documents) and in no case shall Wells Fargo Bank Northwest, National Association (or any entity acting as successor Owner Trustee under the Trust Agreement) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of Lessor under the Operative Documents; provided, however, that Wells Fargo Bank Northwest, National Association (or any such successor Owner Trustee) shall be personally liable under the Operative Documents for its own gross negligence, its own simple negligence in the handling of funds actually received by it in accordance with the terms of the Operative Documents, its willful misconduct and its breach of its covenants, representations and warranties in the Operative Documents, to the extent covenanted or made in its individual capacity or as otherwise expressly provided in the Operative Documents; provided, further, that nothing contained in this Section 26 shall be construed to limit the exercise and enforcement in accordance with the terms of the Operative Documents of rights and remedies against the Trust Estate.

Section 27. Successor Owner Trustee. Lessee agrees that, in the case of the appointment of any successor Owner Trustee pursuant to the terms of the Trust Agreement and Section 6.2.2 of the Participation Agreement, such successor Owner Trustee shall, upon written notice to Lessee by such successor Owner Trustee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor of the Aircraft for all purposes without in any way altering the terms of this Lease or Lessee’s obligations hereunder. One such appointment and designation of a successor Owner Trustee shall not exhaust the right to appoint and designate further successor Owner Trustees pursuant to the Trust Agreement and Section 6.2.2 of the Participation Agreement, but such right may be exercised repeatedly as long as this Lease shall be in effect.

Section 28. Miscellaneous.

(a) Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) No term or provision of this Lease may be amended, modified or supplemented orally, but only by an instrument in writing signed by the party against which the enforcement of the amendment, modification or supplement is sought.

(c) This Lease and the other Operative Documents, and all certificates, instruments and other documents relating thereto delivered and to be delivered from time to time pursuant to the Operative Documents, supersede any and all representations, warranties and agreements (other than any Operative Document) prior to the date of this Lease, written or oral, between or among any of the parties hereto relating to the transactions contemplated hereby and thereby.

(d) This Lease may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Lease, including a signature page executed by each of the parties hereto shall be an original, but all of such counterparts together shall constitute one instrument. In the event that a security interest is granted in this Lease with respect to the issuance of debt by Lessor to the extent permitted by Section 8.3 of the Participation Agreement, and that this Lease constitutes chattel paper (as such term is defined in the UCC), no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by Lessor on the signature page thereof.

(e) The parties hereto do not intend any interest created by this Lease to be a perpetuity or to be subject to invalidation under any applicable perpetuities rule; however, if the rule is to be applied, then the perpetuities period shall be 21 years after the last to die of the currently living descendants of former United States President John F. Kennedy.

(f) THIS LEASE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS LEASE HAS BEEN DELIVERED IN THE STATE OF NEW YORK.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties have each caused this Lease to be duly executed as of the day and year first above written.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**, not in its
individual capacity (except as expressly provided
herein) but solely as Owner Trustee

By:
Name:
Title:

AMERICAN AIRLINES, INC.

By:
Name:
Title:

[Receipt of the original counterpart of the foregoing
Lease is hereby acknowledged on this day of .

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**, not in its
individual capacity but solely as Owner Trustee

By:
Name:
Title:

]7

⁷ For chattel paper copy only.

EXHIBIT A
TO LEASE AGREEMENT ([YEAR] MSN [MSN])

LEASE SUPPLEMENT NO. ([YEAR] MSN [MSN]), dated , 20 , between WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR], between the Owner Participant named therein and Wells Fargo Bank Northwest, National Association (“**Lessor**”), and AMERICAN AIRLINES, INC., a Delaware corporation (“**Lessee**”).

RECITALS:

1. Lessor and Lessee have heretofore entered into that certain Lease Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR] (herein called, as at any time modified, supplemented or amended, the “**Lease Agreement**” and the defined terms in Annex A thereto being hereinafter used with the same meanings), providing for the execution and delivery from time to time of Lease Supplements, each substantially in the form hereof for the purpose of leasing specific aircraft and engines under the Lease Agreement as and when delivered by Lessor to Lessee in accordance with the terms thereof;
2. [The Lease Agreement relates to the aircraft and engines described below, and counterparts of the Lease Agreement are attached hereto and made a part hereof, and this Lease Supplement, together with such attachments, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document.]¹

[A counterpart of the Lease Agreement, attached to and made a part of Lease Supplement No. 1, dated [], 20 , to the Lease Agreement, has been recorded by the Federal Aviation Administration on , as one document and assigned Conveyance No. .]²

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

1. Lessor hereby delivers and leases to Lessee under the Lease Agreement, and Lessee hereby accepts and leases from Lessor under the Lease Agreement, the following [described Aircraft, which Aircraft as of the date hereof consists of the following components]:³

- 1 This language for Lease Supplement No. 1.
- 2 This language for other Lease Supplements.
- 3 Only for Lease Supplement No. 1.

[(a) one Airbus [Model] (Generic Manufacturer and Model AIRBUS [Generic Model]) airframe: U.S. Registration Number ; Manufacturer's Serial No. ; and⁴

(b) two (2) [INSERT ENGINE INFO] engines relating to such airframe and bearing, respectively, Manufacturer's Serial Nos. and , respectively (each of which engines has 550 or more rated takeoff horsepower or the equivalent of such horsepower and is a jet propulsion aircraft engine having at least 1750 pounds of thrust or the equivalent of such thrust).

The Basic Term for the lease of the Aircraft shall commence on the date of this Lease Supplement (the "**Delivery Date**") and shall end on ⁵ (the "**Lease Expiry Date**"), or such earlier date on which the Lease is terminated in accordance with the provisions thereof.

The Lease Period Dates for the Aircraft are set forth in Schedule A hereto.

The amount of Basic Rent for the Aircraft is set forth in Schedule A hereto.

The Stipulated Loss Values for the Aircraft are set forth in Schedule B hereto.⁶

[Add description of Replacement Engine or Engines, if applicable].

2. All of the terms and provisions of the Lease Agreement are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein.

3. This Lease Supplement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). All of such counterparts together shall constitute one instrument.

TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT CONSTITUTES CHATTEL PAPER (AS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT MAY BE PERFECTED THROUGH DELIVERY OR POSSESSION OF ANY COUNTERPART OF THIS LEASE SUPPLEMENT OTHER THAN THE ORIGINAL COUNTERPART, WHICH SHALL BE THE COUNTERPART THAT CONTAINS THE RECEIPT EXECUTED BY LESSOR ON THE SIGNATURE PAGE THEREOF.

⁴ Only for Lease Supplement No. 1.

⁵ Insert tenth (10th) anniversary of Delivery Date.

⁶ Language for other Lease Supplements.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Supplement No. to be duly executed as of the day and year first above written.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**, not in its individual capacity (except as expressly provided herein) but solely as Owner Trustee

By:
Name:
Title:

AMERICAN AIRLINES, INC.

By:
Name:
Title:

[Receipt of the original counterpart of the foregoing Lease is hereby acknowledged on this day of .

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**, not in its individual capacity but solely as Owner Trustee

By: _____
Name:
Title:]7

⁷ For chattel paper copy only.

**SCHEDULE A TO
LEASE SUPPLEMENT NO. 1 ([YEAR] MSN [MSN])**

BASIC RENT

- Lease Period Dates during the Term: The Delivery Date and the []th day of each calendar month occurring after the Delivery Date during the Term (but not including the last day of the Term if such day is the []th day of a calendar month)
- Basic Rent during the Basic Term: \$[] per month during the through months following the Delivery Date, and thereafter \$[] per month, in each case, payable in advance.
- Basic Rent during any Renewal Term: An amount per month determined in accordance with Section 21 of the Lease, payable in advance.

Schedule A
to Lease Supplement No. 1

LA 1 – Lease Agreement

SCHEDULE A TO LEASE SUPPLEMENT NO. 1 ([YEAR] MSN [MSN]);
INTENTIONALLY DELETED FROM THE VERSION OF THIS DOCUMENT
FILED WITH THE FAA AS CONTAINING CONFIDENTIAL AND
PROPRIETARY INFORMATION

1 Insert for FAA filing in lieu of Schedule A.

Schedule A
to Lease Supplement No. 1

LA 1 – Lease Agreement

**SCHEDULE B TO
LEASE SUPPLEMENT NO. 1 ([YEAR] MSN [MSN])**

STIPULATED LOSS VALUES

Stipulated Loss Value Determination Date

Stipulated Loss Value

Schedule B

LA 1 – Lease Agreement

SCHEDULE B TO LEASE SUPPLEMENT NO. 1 ([YEAR] MSN [MSN]):
INTENTIONALLY DELETED FROM THE VERSION OF THIS DOCUMENT
FILED WITH THE FAA AS CONTAINING CONFIDENTIAL AND
PROPRIETARY INFORMATION

1 Insert for FAA filing in lieu of Schedule B.

Schedule B

LA 1 – Lease Agreement

**ANNEX A
TO LEASE AGREEMENT ([YEAR] MSN [MSN])**

DEFINITIONS

Annex A

LA 1 – Lease Agreement

ANNEX B
TO LEASE AGREEMENT([YEAR] MSN [MSN])
RETURN CONDITIONS

Upon the expiration of the Term or upon demand of Lessor following the earlier termination of the Lease by Lessor pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing (such date, the “**Return Date**”), Lessee shall return the Aircraft to Lessor by delivering the Aircraft (a) to a suitable storage facility in the continental United States or to one of Lessee’s United States maintenance facilities, in either case, as selected by Lessee or (b) to such other facility as may be agreed by Lessor and Lessee.

Lessee and Lessor agree that the Return Conditions set forth in Sections A through V of this Annex B shall apply to the return of the Aircraft to Lessor (for the avoidance of doubt, there will be no serviceability, cycle, condition, time or other requirements applicable to the Aircraft, any Engine or any Part (other than the Return Conditions and the Maintenance Program)), [****]; provided that, with respect to any discrepancies with the Return Conditions (other than discrepancies with respect to FAA requirements specified in Section A, the general condition specified in Section B, the completion of the next due Airframe “C-Check” under the Maintenance Program as specified in the first sentence of Section C, the Landing Gear Hard Time Minimum specified in Section D, the Hard Time Cycle Minimum specified in Section E, the Hard Time Performance Restoration Minimum specified in Section F and the APU Hard Time Minimum specified in Section G, which discrepancies shall be corrected by Lessee at its expense prior to the Return Date), Lessee shall have the option of either correcting such discrepancies at its own expense or providing compensation in lieu of such correction in an amount to be mutually agreed upon by Lessee and Lessor.

In connection with the return of the Aircraft to Lessor, Lessee shall also return the Records to Lessor by delivering them to (a) a facility agreed by Lessor and Lessee or (b) if no agreement as to such facility is reached as of the Return Date, to a suitable storage facility in the continental United States or one of Lessee’s United States maintenance facilities, in either case, as selected by Lessee. Lessee and Lessor agree that Section L of this Annex B shall apply to the return of the Records to Lessor.

Reference to the Maintenance Program in this Annex shall include, to the extent specifically incorporated in or cross-referenced as a requirement by the Maintenance Program, the aircraft maintenance manual and the engine maintenance program and engine manuals.

Annex B-1

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If the Aircraft has been in storage prior to return, the Aircraft will be reactivated in accordance with the Maintenance Program prior to the Return Date.

A. Registration & Certification, Maintenance Program & Airworthiness Directives

The Aircraft shall be registered with the FAA in the name of Lessor unless such registration cannot be maintained (i) because of the failure of Lessor or Owner Participant to comply with the citizenship or other eligibility requirements for registration of aircraft under the Transportation Code or with Section 6.3.1 of the Participation Agreement or (ii) because of the failure by Lessor or Owner Participant to execute and deliver any documents required for the renewal of such registration. The Aircraft shall (a) have a valid standard certificate of airworthiness issued by the FAA, (b) meet FAR 121 requirements (subject to Lessee's right to remove Excluded Equipment, it being acknowledged that Excluded Equipment need not be installed on the Aircraft). The Aircraft shall be in compliance with the Maintenance Program, and Lessee shall comply with all ADs in respect of the Aircraft which require compliance no later than the last day of the Term, as and to the extent required by such ADs and the Maintenance Program prior to such date.

B. General Condition

The Aircraft shall be (a) [****], (b) in the same operating condition as when delivered to Lessee under the Lease (ordinary wear and tear excepted) [****] and (d) equipped with two Engines (one or both of which may be Replacement Engines substituted pursuant to Section 8(d) of the Lease or Section I to this Annex B) duly installed thereon, but need not include any Excluded Equipment. Lessee shall repair any damage to the Aircraft caused by removal of Excluded Equipment and shall return the applicable areas from which such Excluded Equipment was removed to a serviceable and cosmetic condition appropriate for commercial passenger service by Lessee. The Aircraft shall be in compliance with Lessee's corrosion prevention and control program. [****]

No Engine shall be returned [****]

C. C-Check; Airframe Equivalency Charge

The Airframe shall have completed, within 30 days prior to the Return Date, the next due "C-Check" under the Maintenance Program [****], and following such C-Check the Aircraft shall not be used in flight operations except for the demonstration flight described in Section R of this Annex B and ferry or delivery flights performed pursuant to the Return Conditions.

Annex B-2

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If (a) the Maintenance Program includes a substantially more comprehensive C-Check than other C-Checks in the Maintenance Program (such substantially more comprehensive C-Check, a "**Heavy C-Check**"), and (b) the C-Check performed pursuant to the previous paragraph was not a Heavy C-Check, then Lessee shall pay the Heavy C-Check Adjustment Amount (if any) [****]

If there is no Heavy C-Check in the Maintenance Program, then in lieu of the obligations in the preceding paragraph, Lessee and Owner Participant shall [****]

D. Landing Gear Equivalency Charge

With respect to the Aircraft, each of the nose and main landing gear assemblies (each, a "**Landing Gear Assembly**") shall have [****]% of the allowable time under the Maintenance Program between performance restoration visits under the Maintenance Program [****] (any such visit, a "**Landing Gear Performance Restoration Visit**") remaining until the next scheduled Landing Gear Performance Restoration Visit therefor under the Maintenance Program; provided that Lessee may return the Aircraft with less than [****] on any Landing Gear Assembly, subject to paying the Landing Gear Adjustment Amount (if any) [****]

E. Engine LLP Equivalency Charge; Hard Time Cycle Minimum

Each life-limited part of the Engines (each, an "**Engine LLP**") shall have [****]% remaining of the manufacturer's published life limit [****]; provided that Lessee may return the Aircraft with less than [****] on one or more Engine LLPs, subject to paying the Engine LLP Adjustment Amount (if any) [****]

F. Engine Equivalency Charge; Hard Time Performance Restoration Minimum

Each Engine shall have [****]% of the expected time under the Maintenance Program between performance restoration visits under the Maintenance Program [****] (any such visit, an "**Engine Performance Restoration Visit**") remaining until the next Engine Performance Restoration Visit of such Engine under the Maintenance Program as measured by Lessee's historical mean time between Engine Performance Restoration Visits ("**MTBR**") as reasonably determined by Lessee [****] for engines in Lessee's fleet of the same make and model as measured by [****]; provided that Lessee may return one or both Engines with less than [****], subject to paying the Engine Performance Restoration Visit Adjustment Amount (if any) [****]

In the event that an Engine is, at return, [****]

Annex B-3

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

G. Auxiliary Power Unit

With respect to the Aircraft, the auxiliary power unit (“**APU**”) will have [****]% of the expected time under the Maintenance Program between gas path refurbishments under the Maintenance Program [****] (any such visit, an “**APU Performance Restoration Visit**”) remaining until the next APU Performance Restoration Visit under the Maintenance Program as measured by Lessee’s historical mean time between APU Performance Restoration Visits as determined by Lessee (“**APRV**”) for APUs of the same make and model as the subject APU operating on aircraft in Lessee’s fleet as measured by APU hours [****]; provided that Lessee may return the APU with less than [****] subject to paying the APU Performance Restoration Visit Adjustment Amount (if any) [****]

H. Calculation of Equivalency Charge Payments

Lessee shall calculate the amounts payable by Lessee under the Return Conditions, in each case as specified in Sections C, D, E, F and G, and provide Lessor with a statement listing such amounts, together with reasonably detailed calculations prior to the Return Date.

All payment amounts described in the preceding sentence and any payment obligations of Lessee pursuant to the proviso in the second full paragraph of this Annex B shall be aggregated so that only one aggregate payment by Lessee shall be required with respect to the Aircraft, and Lessee shall pay such aggregate amount to Lessor on the Return Date, minus [****].

[****]

I. Engine Substitution

Lessee may deliver with the Airframe on the Return Date one or more Replacement Engines, without regard to the number of hours or cycles accumulated on any such Replacement Engine, but subject to the applicable provisions of this Annex B as if each reference to an “Engine” therein were a reference to such Replacement Engine.

In connection with the return of any such Replacement Engine not previously substituted pursuant to Section 8(d) or 10(d) of the Lease, (a) Lessee shall, at its own expense, (i) furnish Lessor with a warranty (as to title) bill of sale (which warranty shall except Lessor’s Liens and Liens described in Section 6(h) of the Lease) with respect to such Replacement Engine, which in the case of any such conveyance to which the Cape Town Treaty is applicable shall be in such form as will qualify as a “contract of sale” pursuant to Article V of the Aircraft Protocol and (ii) if Lessor has taken all the necessary

Annex B-4

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

steps to allow the registration, cause the sale of such Replacement Engine (if the seller of such Replacement Engine is “situated in” a country that has ratified the Cape Town Treaty) to be registered on the International Registry as an International Interest (or if the seller of such Replacement Engine is not situated in a country that has ratified the Cape Town Treaty, use reasonable efforts to cause the seller to register the sale of such Replacement Engine on the International Registry) and (b) Lessor shall transfer the Engine being replaced to Lessee in accordance with Section 4(g) of the Lease. An engine substitution in accordance with the terms of this Section I may be completed no earlier than the date that is 90 days prior to (and including) the Return Date, and the provisions of Section 8(d) of the Lease are not intended to apply to such engine substitution.

J. Maintenance Carry-Overs

Maintenance carry-overs, defined as any deferred, continued, carry-over, time-limited repairs or open log book maintenance items against the Aircraft (each, an “**MCO**”) shall be cleared per the Maintenance Program. However, MCOs which are deferred until the next Heavy C-Check as permitted by the Maintenance Program need not be corrected or performed by Lessee, [****]

K. Special Markings

On or prior to the Return Date, Lessee shall, in a workmanlike manner, cause to be removed or painted over any identification marks of Lessee or the oneworld global alliance or any member thereof on the Aircraft.

L. Records

All logs, drawings, engineering orders, manuals, certificates and data, and inspection, modification, overhaul and repair records, with respect to the Aircraft that are [****] (such logs, drawings, engineering orders, manuals, certificates, data and records, collectively, the “**Records**”) will be made available for Lessor’s review for the period beginning on the date that is 30 days preceding the anticipated last day of the Term and ending on the date that is three Business Days preceding the last day of the Term. [****] An indicative list of the Records is set forth in Exhibit A to this Annex B; provided that (a) Lessor, Owner Participant and Lessee acknowledge and agree that requirements to maintain such Records may change [****] and if, as a result of any such change, Lessee does not maintain any of the records listed in Exhibit A to this Annex B, such records shall not constitute “Records” under these Return Conditions; (b) Lessee acknowledges and agrees that [****]; and (c) Lessee will cooperate in good faith [****]. Lessee will use commercially reasonable efforts to [****]. In addition to the foregoing, Lessee will provide [****]

Annex B-5

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Any review of the Records by Lessor shall be completed during this period and during normal business hours and shall not exceed a period of 10 Business Days, [****]. All Records shall be delivered in English to Lessor in Lessee's format approved by the FAA and at Lessee's expense, [****] (except that for those Records related to maintenance work, the demonstration flight in Section R or ferry or delivery flights, in each case to be performed pursuant to the Return Conditions, [****]).

Each of the Records that are not provided in a paper format shall be [****].

M. Maintenance, Repair and Miscellaneous

All repairs on the Aircraft shall have been performed (a) in accordance with [****].

On the Return Date, [****].

N. Borescope Inspections; Power Assurance Runs

A full hot and cold section video borescope inspection of the Engines in accordance with the Maintenance Program and a maximum power assurance run for each Engine in accordance with the Maintenance Program shall be performed after the demonstration flight, before the Return Date by a representative of Lessee at Lessee's expense in the presence of a representative of Lessor. Lessee will correct, at Lessee's expense, any discrepancies found during such inspections that are determined not to be in compliance with the limits defined in the Maintenance Program.

O. Liens

The Aircraft shall be free and clear of Liens (other than any Lessor's Liens and Liens described in Section 6(h) of the Lease).

P. Fuel

Lessee shall have no obligation to provide any fuel or oil with respect to the Aircraft on the Return Date, provided that any fuel or oil remaining on board the Aircraft on the Return Date shall be the property of Lessor without charge.

Q. Tires and Brakes

All tires and brakes will have a minimum of [****] as of the Return Date.

Annex B-6

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

R. Inspection; Demonstration Flight

Prior to the Return Date, during the work performed in connection with the Return Conditions Lessor shall be permitted a non-intrusive visual inspection to verify that the Aircraft is in compliance with the Return Conditions. The inspection shall not include opening any panels that otherwise cannot be opened without tools or equipment and shall not include any borescopes [****]. The inspection shall be subject to the following conditions: (i) Lessor shall provide, prior to conducting any such inspection, assurances reasonably satisfactory to Lessee that it is fully insured with respect to any risks incurred in connection with any such inspection and, if requested by Lessee, a written release satisfactory to Lessee with respect to such risks; (ii) any such inspection shall be subject to the safety, security and workplace rules applicable at the location where such inspection is conducted and to the requirements of any applicable law (including, without limitation, the Export Administration Regulations) [****]; and (iii) any such inspection shall be conducted so as not to interfere with Lessee’s business or the operation or maintenance of the Aircraft, and, in the case of an inspection during a maintenance visit, such inspection shall not in any respect interfere with the normal conduct of such maintenance visit or extend the time required for such maintenance visit (as determined by Lessee in its sole discretion).

Prior to redelivery of the Aircraft, Lessee will [****]

S. Technical Acceptance Certificate

Following return of the Aircraft in compliance with this Annex B, Lessor shall execute and deliver to Lessee a certificate of technical acceptance substantially in the form of Exhibit B to this Annex B (the “**Technical Acceptance Certificate**”) confirming delivery of the Aircraft by Lessee to Lessor. The execution of the Technical Acceptance Certificate shall not be unreasonably withheld or delayed by Lessor. Following execution and delivery of the Technical Acceptance Certificate by Lessor or its authorized representative and, if applicable, Lessee, at either party’s request, Lessee and Lessor shall enter into a lease termination agreement reasonably satisfactory to Lessee and Lessor for purposes of filing with the FAA and discharging the International Interest constituting the Lease from the International Registry.

T. Confidentiality

All information obtained from Lessee in connection with the Return Conditions shall be Confidential Information and shall be held by Lessor and Owner Participant in accordance with the provisions of Section 23 of the Lease.

Annex B-7

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

U. Return [**]**

If Lessee does not return the Aircraft and the Records to Lessor in the condition required by this Annex B (for the avoidance of doubt, for reasons other than Lessor's requests relating to records that are not "Records"), Lessee shall, without prejudice to any provision of the Lease, [****]

V. [**]**

Upon 30 days' prior written request from Lessor, Lessee will consider in good faith, subject to [****]

Annex B-8

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

INDICATIVE LIST OF RECORDS FOR REDELIVERY OF THE AIRCRAFT

[****]

Annex B-9

LEASE AGREEMENT ([YEAR] MSN [MSN])

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY
HARMFUL IF PUBLICLY DISCLOSED]

TECHNICAL ACCEPTANCE CERTIFICATE

Dated
to Lease Agreement ([YEAR] MSN [MSN])
Relating to Airbus Model A3xx-xxx] Aircraft [(Generic Manufacturer and Model
A3xx-xxx) bearing Manufacturer’s Serial Number [Manufacturer’s Serial Number]
and U.S. Registration No. [Reg. No.]
between
(LESSOR)
and
(LESSEE)

AMERICAN AIRLINES, INC. (“**Lessee**”) and [OWNER TRUSTEE], not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee (in such capacity, “**Lessor**”), have entered into a Lease Agreement ([YEAR] MSN [MSN]), dated as of [Date] (as amended, modified or supplemented from time to time, the “**Lease**”). Capitalized terms used but not defined herein shall have the respective meanings set forth in, and shall be construed and interpreted in the manner described in, the Lease.

This Technical Acceptance Certificate is executed by the parties hereto to confirm that the following described Aircraft:

Manufacturer	Airbus
Model	A3[—]
Manufacturer’s Serial No.	
Aircraft Flight Hours and Cycles	(See Schedule 1)

including the following described Engines installed thereon:

Manufacturer	Make and Model	Manufacturer's Serial No.
--------------	----------------	---------------------------

Annex B-10

was delivered by Lessee to Lessor. Lessor hereby confirms that Lessee has returned the Aircraft described above in compliance with the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Technical Acceptance Certificate to be executed by their duly authorized representatives as of the day and year first above written.

[OWNER TRUSTEE], not in its individual capacity (except as expressly provided in the Lease) but solely as Owner Trustee

By:

Name:

Title:

AMERICAN AIRLINES, INC.

By:

Name:

Title:

Annex B-11

[LEASE AGREEMENT ([YEAR] MSN [MSN])]

LA 1 – Lease Agreement

AIRCRAFT FLIGHT HOURS AND CYCLES AS OF

U.S. REGISTRATION NO. [] MFR. SERIAL NO. []

A. AIRFRAME:

Heavy C-Check Units since last C-Check

Heavy C-Check Units since last Heavy C-Check

B. ENGINES—MODEL:

Position	Mfr. Serial Number	Total EPRV Units	Total EPRV Units Until Next Performance Restoration Visit (Based Upon MTBR)	Cycles To Mfr's Published Life Limit of Lowest Life Limited Part
1				
2				

C. LANDING GEAR:

	Mfr. Serial Number	Total LGPRV Units	LGPRV Units until Next Scheduled Performance Restoration Visit
Nose Landing Gear			
Left Main Gear			
Right Main Gear			

Annex B-12

ANNEX B TO LEASE AGREEMENT ([YEAR] MSN [MSN])¹
INTENTIONALLY DELETED FROM THE VERSION OF THIS DOCUMENT
FILED WITH THE FAA AS CONTAINING CONFIDENTIAL AND
PROPRIETARY INFORMATION

¹ Insert for FAA filing in lieu of Annex B.

Annex B-13

[LEASE AGREEMENT ([YEAR] MSN [MSN])]

LA 1 – Lease Agreement

ANNEX C

TO LEASE AGREEMENT ([YEAR] MSN [MSN])

MID-TERM INSPECTION RECORDS LIST

1. AD Summary*
2. Engines
 - Disc Sheets*
 - Life limited Parts*
 - Time Monitored Parts*
 - Service Bulletin On-Log*
3. Major Repairs*
4. Damage Log*
5. Modification Status
6. Overview of Maintenance Program*
7. Maintenance Check Status / History*
8. Time Control Reports (Airframe, Landing Gear)*
9. Cross Reference (MPN – CPN)
10. Avionics Listing*
11. FMR – Open Items (Field Maintenance Reliability)*
12. Incident / Accident Certification*
13. Current Time and Cycles
14. Aircraft Utilization*
15. Emergency Equipment and Layout Drawings*
16. Weight & Balance – Copy of Last Weigh Report*
17. Summary of any sampling programs involving or affecting the Aircraft
18. [****]

* Available through electronic copy

Annex C

LA 1 – Lease Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

ANNEX C TO LEASE AGREEMENT ([YEAR] MSN [MSN])¹
INTENTIONALLY DELETED FROM THE VERSION OF THIS DOCUMENT
FILED WITH THE FAA AS CONTAINING CONFIDENTIAL AND
PROPRIETARY INFORMATION

¹ Insert for FAA filing in lieu of Annex C.

Annex C

LA 1 – Lease Agreement

FORM OF TRUST AGREEMENT

LA 1 – Trust Agreement

TRUST AGREEMENT ([YEAR] MSN [MSN])

dated as of [Date]

between

[NAME OF OWNER PARTICIPANT],
as Owner Participant

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION

Covering One Airbus [Model] Aircraft
(Generic Manufacturer and Model AIRBUS [Generic Model])

LA 1 – Trust Agreement

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ANNEXES

ANNEX A — DEFINITIONS

LA 1 – Trust Agreement

TRUST AGREEMENT ([YEAR] MSN [MSN])

THIS TRUST AGREEMENT ([YEAR] MSN [MSN]), dated as of [], [YEAR] (as amended, modified or supplemented from time to time, this “**Trust Agreement**”), is between [NAME OF OWNER PARTICIPANT], a [jurisdiction and organization] (together with its successors and permitted assigns, the “**Owner Participant**”), and **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, a national banking association (as Owner Trustee, together with its successors and permitted assigns in such capacity, “**Owner Trustee**”, and in its individual capacity, together with its successors and permitted assigns in such capacity, “**Trust Company**”).

RECITALS:

1. On the Delivery Date, Owner Trustee will purchase the Aircraft from Manufacturer and immediately following Owner Trustee’s purchase of the Aircraft, Lessee will lease the Aircraft from Owner Trustee pursuant to the Lease Agreement ([YEAR] MSN [MSN]) (such Lease together with Lease Supplement No. 1, the “**Lease**”).
2. Owner Participant desires to create a trust for the purposes of the acquisition of the Aircraft by Owner Trustee and the leasing of it to Lessee in accordance with the Lease.
3. Trust Company is willing to accept the duties and obligations imposed hereby on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the agreements contained in the other Operative Documents and the acceptance by Owner Trustee of the trust hereby created, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Certain Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth, and shall be construed and interpreted in the manner described, in Annex A for all purposes of this Trust Agreement.

ARTICLE II

**AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS;
DECLARATION OF TRUST**

Section 2.01 Authority to Execute Documents. Owner Participant hereby authorizes and directs Owner Trustee (a) to execute and deliver the Participation Agreement, the Lease, Lease Supplement No. 1 and any other agreements, instruments or documents in the respective forms thereof in which delivered from time to time by Owner Participant to Owner Trustee for execution and delivery, (b) to execute and deliver all other agreements, instruments and certificates contemplated by the Operative Documents and (c) subject to the terms hereof, to exercise its rights (upon instructions received from Owner Participant) and perform its duties under the documents referred to in clauses (a) and (b) in accordance with the terms thereof.

Section 2.02 Declaration of Trust. Trust Company hereby declares that it will hold, in its capacity as Owner Trustee, the Trust Estate upon the trust hereinafter set forth for the use and benefit of Owner Participant, subject, however, to the provisions of the Lease and the other Operative Documents. The name of the trust created hereby shall be “MSN [MSN] Trust” and such name may (but need not) be used in any correspondence and filings made by Owner Trustee in connection with the trust created hereby.

ARTICLE III

ACCEPTANCE AND DELIVERY OF AIRCRAFT; ISSUANCE OF CERTIFICATES; LEASE OF AIRCRAFT; REPLACEMENT

Section 3.01 Authorization. Owner Participant hereby authorizes and directs Owner Trustee to, and Owner Trustee agrees for the benefit of Owner Participant that, on or prior to the Delivery Date, it will, subject to due compliance with the terms of Section 3.02:

- (a) execute and deliver each of the Operative Documents to which it is a party;
- (b) purchase the Aircraft and accept from Manufacturer the Bills of Sale therefor;
- (c) authorize the financing statements contemplated by Section 4.1.9 of the Participation Agreement;
- (d) make application to the FAA for registration of the Aircraft in the name of Owner Trustee by filing or causing to be filed (i) the FAA Bill of Sale, (ii) the Application for Aircraft Registration with the FAA (together with, without limitation, an affidavit from Owner Trustee stating that it is a Citizen of the United States) and (iii) this Trust Agreement;
- (e) cause the Aircraft to be leased to Lessee under the Lease;
- (f) take such other action as may be required of Owner Trustee under the Operative Documents to effectuate the transactions contemplated thereby; and
- (g) execute and deliver all such other instruments, documents or certificates and take all such other actions as may be requested of Owner Trustee to effectuate the transactions contemplated under the Operative Documents, and take all other actions in accordance with the directions of Owner Participant as Owner Participant may deem necessary or advisable in connection with the transactions contemplated hereby, the taking of any such action by Owner Trustee in the presence (whether in person or pursuant to a conference call participated in by each of Owner Trustee and Owner Participant and/or its counsel) of Owner Participant or its counsel to evidence conclusively the direction of Owner Participant.

Section 3.02 Conditions Precedent. The right and obligation of Owner Trustee to take the actions required by Section 3.01 shall be subject to the following conditions precedent:

(a) the terms and conditions of Section 4.1 of the Participation Agreement shall have been waived or complied with in a manner satisfactory to Owner Participant; and

(b) the terms and conditions of Section 4.2 of the Participation Agreement shall have been waived or complied with in a manner satisfactory to Owner Trustee.

Section 3.03 Replacement or Return of an Engine.

(a) Owner Participant hereby authorizes and directs Owner Trustee to, and Owner Trustee agrees for the benefit of Owner Participant that it will, in the event of any Replacement Engine being substituted pursuant to Section 8(d) of the Lease (and subject to compliance with the terms thereof and the satisfaction of the conditions thereunder), take the following actions:

(i) to the extent not previously accomplished by a prior authorization, authorize a representative or representatives of Owner Trustee (who shall be an employee or employees of Lessee) to accept delivery of such Replacement Engine, if the seller of such Replacement Engine is not Lessee;

(ii) accept from Lessee or other vendor of such Replacement Engine a bill of sale with respect to such Replacement Engine being furnished pursuant to Section 8(d) of the Lease;

(iii) if the seller of such Replacement Engine is “situated in” a country that has ratified the Cape Town Treaty, cooperate with Lessee to cause the sale of such Replacement Engine to Lessor to be registered on the International Registry as a Sale (or, if the seller of such Replacement Engine is not situated in a country that has ratified the Cape Town Treaty, cooperate with Lessee’s reasonable efforts to cause the seller to register the sale of such Replacement Engine on the International Registry);

(iv) execute and deliver a Lease Supplement covering such Replacement Engine, and cooperate with Lessee to cause such executed Lease Supplement to be filed for recordation pursuant to the Transportation Code or, if necessary, pursuant to the applicable laws of such jurisdiction other than the U.S. in which the Aircraft is registered, as the case may be;

(v) cooperate with Lessee to cause the International Interest created pursuant to the Lease Supplement in favor of Lessor with respect to such Replacement Engine to be registered on the International Registry as an International Interest;

(vi) transfer the Engine being replaced to Lessee or its designee in accordance with Section 4(g) of the Lease; and

(vii) take such further action as may be contemplated by the Operative Documents in connection with such replacement.

In the event of the substitution of a Replacement Engine for any Engine, all provisions of this Trust Agreement relating to such replaced Engine shall be applicable to such Replacement Engine with the same force and effect as if such Replacement Engine were the same engine as the Engine being replaced.

(b) Owner Participant hereby authorizes and directs Owner Trustee to, and Owner Trustee agrees for the benefit of Owner Participant that it will, in the event of an engine being transferred to Owner Trustee pursuant to the Return Conditions (and subject to compliance with the terms of Annex B to the Lease and the satisfaction of the conditions thereunder applicable to such engine):

- (i) accept from Lessee or other vendor of such engine the bill of sale with respect to such engine being furnished pursuant to the Return Conditions;
- (ii) if the seller of such engine is “situated in” a country that has ratified the Cape Town Treaty, cooperate with Lessee to cause the sale of such engine to Lessor to be registered on the International Registry as a Sale (or, if the seller of such engine is not situated in a country that has ratified the Cape Town Treaty, cooperate with Lessee’s reasonable efforts to cause the seller to register the sale of such engine on the International Registry);
- (iii) transfer the Engine being replaced by such engine to Lessee or its designee in accordance with Section 4(g) of the Lease; and
- (iv) take such further action as may be contemplated by the Operative Documents in connection with such replacement.

ARTICLE IV

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

Section 4.01 Distribution of Payments.

(a) Payments to Owner Trustee; Other Parties. Except as otherwise provided in subsections (b) and (c), all Basic Rent, Supplemental Rent, insurance proceeds and requisition, indemnity or other payments of any kind, in each case included in the Trust Estate and received by Owner Trustee, shall be distributed forthwith upon receipt by Owner Trustee in the following order of priority: first, so much of such payment as shall be required to pay or reimburse Owner Trustee for any fees or expenses not otherwise paid or reimbursed as to which Owner Trustee is entitled to be so paid or reimbursed pursuant to the provisions hereof or of the other Operative Documents shall be retained by Owner Trustee; second, so much of the remainder for which provision as to the holding, application or distribution thereof is contained in the Lease or any other Operative Document shall be held, applied or distributed in accordance with the terms of the Lease or such other Operative Document; and third, the balance, if any, shall be paid to Owner Participant. Nothing herein is intended to limit or restrict the payment of the Security Deposit to the Owner Participant.

(b) Certain Distributions to Lessee. Any payment of the type referred to in subsection (a) received by Owner Trustee shall, if required by the terms of the Lease or any other Operative Document, be distributed to Lessee.

(c) Insurance Proceeds. Any proceeds of any insurance for loss or damage to the Aircraft in excess of the Stipulated Loss Value for the Aircraft shall be paid to Lessee. Any proceeds of any insurance for loss or damage to the Aircraft not constituting an Event of Loss with respect to the Airframe, the Aircraft or any Engine received by Owner Trustee and not required by the terms of the Lease to be distributed to Lessee shall be applied as provided in Section 11(d) of the Lease.

Section 4.02 Method of Payments. Owner Trustee shall make distributions or cause distributions to be made to Owner Participant or Lessee, as applicable, pursuant to this Article IV by transferring by wire transfer in immediately available funds the amount to be distributed to such account or accounts of Owner Participant or Lessee, as applicable, as they respectively may designate from time to time by written notice to Owner Trustee (and Owner Trustee shall use reasonable efforts to cause such funds to be transferred by wire transfer on the same day as received, but in any case not later than the next Business Day); provided, however, that Owner Trustee shall use its reasonable best efforts to invest overnight, for the benefit of Owner Participant or Lessee, as applicable, in Permitted Investments (but only to the extent such investments are available and, if such investments are not available, then in such other investments available to Owner Trustee which, after consultation with Owner Participant or Lessee, as applicable, Owner Participant or Lessee, as applicable, shall direct), all funds not transferred by wire transfer on the same day as they were received. Notwithstanding the foregoing, Owner Trustee will, if so requested by Owner Participant or Lessee, as applicable, by written notice, pay any and all amounts payable by Owner Trustee hereunder to Owner Participant or Lessee, as applicable, either (a) by crediting such amount or amounts to an account or accounts maintained by Owner Participant or Lessee, as applicable, with Owner Trustee in immediately available funds or (b) by mailing an official bank check or checks in such amount or amounts payable to Owner Participant or Lessee, as applicable, at such address as Owner Participant or Lessee, as applicable, shall have designated in writing to Owner Trustee.

ARTICLE V

DUTIES OF OWNER TRUSTEE

Section 5.01 Certain Notices and Requests for Instructions; Related Actions. If Owner Trustee shall have knowledge of any Event of Default or Event of Loss, Owner Trustee shall give to Owner Participant prompt telephonic or facsimile notice thereof followed by prompt confirmation thereof by certified mail, postage prepaid. Subject to the terms of Sections 5.03 and 5.06 and Article XII, Owner Trustee shall (i) in the case of an Event of Default, take such action or shall refrain from taking such action, not inconsistent with the provisions of the Lease and the Participation Agreement, with respect to such Event of Default as Owner Trustee shall be directed in writing by Owner Participant, and (ii) in the case of an Event of Loss, take such action or refrain from taking such action as is provided in the Lease and the Participation Agreement. For all purposes of the Operative Documents, Owner Trustee shall not be deemed to have knowledge of an Event of Default or Event of Loss unless notified in writing thereof in the

manner and at the address set forth in Section 11.05 or unless an officer in the corporate trust administration department of Owner Trustee who has responsibility for, or familiarity with, the transactions contemplated under the Operative Documents or any Vice President in such corporate trust administration department has actual knowledge thereof.

Section 5.02 Action Upon Instructions. Subject in all respects to the terms of Sections 5.01, 5.03 and 5.06 and Article XII and to the terms of the other Operative Documents, upon the written instructions at any time and from time to time of Owner Participant, Owner Trustee will take such of the following actions not inconsistent with the provisions of the Lease and Participation Agreement, as may be specified in such instructions: (a) give such notice or direction or exercise such right, remedy or power hereunder or under any Operative Document, or in respect of all or any part of the Trust Estate, as shall be specified in such instructions; (b) take such action to preserve or protect the Trust Estate (including the discharge of any Liens) as may be specified in such instructions; (c) approve as satisfactory to it all matters required by the terms of the Lease and the other Operative Documents to be satisfactory to Owner Trustee, it being understood that, without written instructions of Owner Participant, Owner Trustee shall not approve any such matter as satisfactory to it; (d) subject to the rights, if any, of Lessee under the Operative Documents, after the expiration or earlier termination of the Lease, convey all of Owner Trustee's right, title and interest in and to the Aircraft for such amount, on such terms and to such purchaser or purchasers as shall be designated in such instructions, or lease the Aircraft on such terms as shall be set forth in such instructions or deliver the Aircraft to the Person designated in such instructions in accordance with such instructions; and (e) take or refrain from taking such other action or actions as may be specified in such instructions. In the event that Owner Trustee is unsure of the application of any provision of this Trust Agreement or any other Operative Document, Owner Trustee may request and rely upon instructions of Owner Participant.

Section 5.03 Indemnification. Owner Trustee shall not be required to take or refrain from taking any action under Section 5.01 or 5.02 unless Owner Trustee shall have been indemnified by Owner Participant, in manner and form satisfactory to Owner Trustee, against any liability, cost or expense (including reasonable counsel fees and disbursements) which may be incurred in connection therewith, other than any such liability, cost or expense which results from the willful misconduct or gross negligence of Owner Trustee, or the failure of Owner Trustee to use ordinary care in the receipt and disbursement of funds, and, if Owner Participant shall have directed Owner Trustee to take or refrain from taking any such action, Owner Participant agrees to pay the reasonable fees and charges of Owner Trustee for the services performed or to be performed by it pursuant to such direction. Owner Trustee shall not be required to take any action under Section 5.01 or 5.02 if Owner Trustee shall reasonably determine, or shall have been advised by counsel, that such action is contrary to the terms of any Operative Document or is contrary to Law.

Section 5.04 No Duties Except as Specified in Operative Documents or Instructions. Owner Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate, or otherwise to take or refrain from taking any action under or in connection with the Operative Documents, except as expressly required by the terms of the Operative Documents or (to the extent not inconsistent with the provisions of the Lease and the Participation Agreement) in written instructions from

Owner Participant received pursuant to the terms of Section 5.01 or 5.02, and no implied duties or obligations shall be read into the Operative Documents against Owner Trustee. Without limiting the generality of the foregoing, Owner Trustee shall have no duty (i) to see to any registration of the Aircraft or any recording or filing of the Lease, this Trust Agreement or of any supplement to any thereof or to see to the maintenance of any such registration, rerecording or refiling, except that Owner Trustee shall comply with its obligations under Sections 6.3.1 and 6.4.4 of the Participation Agreement, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, other than to forward to Owner Participant copies of all reports and other information which Owner Trustee receives from Lessee pursuant to Section 11 of the Lease, to the extent not received by Owner Participant directly from Lessee, (iii) to see to the payment or discharge of any Tax or any Lien with respect to, assessed or levied against any part of the Trust Estate, except as provided by Section 6.07 hereof or Section 4(d) of the Lease, (iv) to confirm or verify any financial statements of Lessee or (v) to inspect the Aircraft or Lessee's books and records with respect to the Aircraft.

Section 5.05 No Action Except Under Specified Documents or Instructions. Owner Trustee shall have no power or authority to, and Owner Trustee agrees that it will not, manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate except (a) as expressly required by the terms of any of the Operative Documents or (b) as expressly provided in written instructions from Owner Participant pursuant to Section 5.01 or 5.02 that are not inconsistent with the terms of the Operative Documents.

Section 5.06 Limitations on Activities. Owner Participant and Trust Company agree to, and Owner Participant shall not direct Owner Trustee to take any action in contravention of, the following:

- (a) Owner Trustee shall not engage in any business or any other activity except as expressly permitted by the Operative Documents.
- (b) Except as expressly permitted by Section 8.3 of the Participation Agreement, Owner Trustee shall not (i) create, incur or assume any indebtedness for money borrowed, (ii) assume or guarantee or become obligated for the debts of, or hold out the Trust Estate as being available to satisfy the obligations of, Owner Participant or any other Person or (iii) pledge any or all of the Trust Estate for the benefit of Owner Participant or any other Person.
- (c) Owner Trustee shall maintain bank accounts, financial statements, and other books and records for the trust created hereunder separate from those of Owner Participant or any other Person.
- (d) Owner Trustee shall hold the Trust Estate in its own name, as trustee, and shall conduct its activities as Owner Trustee in its own name, as trustee, or in the name of the trust specified in Section 2.02.

ARTICLE VI

OWNER TRUSTEE

Section 6.01 Acceptance of Trust and Duties. Trust Company accepts the trust hereby created and agrees to perform the same but only upon the terms hereof applicable to it. Trust Company also agrees to receive and disburse all monies received by it constituting part of the Trust Estate upon the terms hereof. Trust Company, shall not be answerable or accountable under any circumstances, except for (a) its own willful misconduct or gross negligence, (b) its failure to use ordinary care in receiving or disbursing funds, (c) liabilities that may result from the inaccuracy of any representation or warranty of Trust Company (or from the failure by Trust Company to perform any covenant) in any Operative Document and (d) Taxes on or measured by any fees, commissions or other compensation received as compensation for services rendered as Owner Trustee; provided, however, that the failure to act or perform in the absence of instructions after Owner Trustee has requested instructions from Owner Participant pursuant to the last sentence of Section 5.02 shall not constitute willful misconduct or gross negligence for purposes of clause (a) of this Section.

Section 6.02 No Representations or Warranties as to Certain Matters. NEITHER OWNER TRUSTEE NOR TRUST COMPANY MAKES OR SHALL BE DEEMED TO HAVE MADE HEREIN ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE AIRWORTHINESS, VALUE, CONDITION, WORKMANSHIP, DESIGN, OPERATION, **MERCHANTABILITY OR FITNESS FOR USE OR FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY ENGINE OR ANY PART THEREOF**, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY ENGINE OR ANY PART THEREOF, except that nothing set forth in this sentence shall derogate from the representations and warranties made by Owner Trustee or Trust Company in or pursuant to any Operative Document.

Section 6.03 No Segregation of Monies Required; Investment Thereof. Monies received by Owner Trustee hereunder need not be segregated in any manner, except to the extent required by Law, and may be deposited under such general conditions as may be prescribed by Law, and shall be invested as provided in Section 4.02 hereof or Section 22 of the Lease, as applicable; provided that such monies shall not be commingled with any funds or assets of Owner Participant.

Section 6.04 Reliance Upon Certificates; Counsel and Agents. Owner Trustee shall incur no liability to anyone in acting in reliance upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties. Unless other evidence in respect thereof is specifically prescribed herein, any request, direction, order or demand of Owner Participant or Lessee mentioned herein or in any of the other Operative Documents shall be sufficiently evidenced by written instruments signed by

a person purporting to be an officer of Owner Participant or Lessee, as the case may be. Owner Trustee may accept a copy of a resolution of the board of directors of Lessee or Owner Participant, as the case may be, certified by the Secretary or an Assistant Secretary of Lessee or Owner Participant, as the case may be, as conclusive evidence that such resolution has been duly adopted by said board of directors and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, Owner Trustee may for all purposes hereof rely on a certificate signed by an officer of Lessee or Owner Participant, as the case may be, as to such fact or matter, and such certificate shall constitute full protection to Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

Section 6.05 Not Acting in Individual Capacity. Wells Fargo Bank Northwest, National Association is entering into the Operative Documents solely in its capacity as Owner Trustee under this Trust Agreement and not in its individual capacity (except as expressly provided in the Operative Documents) and in no case shall Wells Fargo Bank Northwest, National Association (or any entity acting as successor Owner Trustee under the Trust Agreement) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of Lessor or Owner Trustee under the Operative Documents; provided, however, that Wells Fargo Bank Northwest, National Association (or any such successor Owner Trustee) shall be personally liable under the Operative Documents for its own gross negligence, its own simple negligence in the handling of funds actually received by it in accordance with the terms of the Operative Documents, its willful misconduct and its breach of its covenants, representations and warranties in the Operative Documents, to the extent covenanted or made in its individual capacity or as otherwise expressly provided in the Operative Documents; provided, further, that nothing contained in this Section shall be construed to limit the exercise and enforcement in accordance with the terms of the Operative Documents of rights and remedies against the Trust Estate.

Section 6.06 Fees; Compensation. Lessee agrees to pay the fees and expenses of Owner Trustee as provided in Section 7.4 of the Participation Agreement.

Section 6.07 Books and Records; Tax Returns. Owner Trustee shall be responsible for keeping all appropriate books and records relating to the receipt and disbursement by it of all monies under this Trust Agreement or any agreement contemplated hereby. At the request of Owner Participant, Owner Trustee shall be responsible for causing to be prepared all income tax returns required to be filed with respect to the trust created hereby and shall execute and file such returns; provided that Owner Participant shall pay all costs and expenses incurred in connection therewith. In addition, Owner Trustee will file any withholding or other information returns required by the Code or the regulations thereunder (including, without limitation, IRS Forms 1042 and 1042-S or any similar or successor forms) with respect to payments received by it under the Operative Documents or distributed by it hereunder, and will withhold, and deposit with the relevant taxing authority, any required U.S. federal tax with respect thereto, in accordance with U.S. federal Tax Laws. Owner Participant shall furnish to Owner Trustee such duly completed and executed forms, statements or certificates, as may be reasonably requested by Owner Trustee, in order for Owner Trustee to file any such returns and to otherwise comply with any withholding or other requirements, and will promptly notify Owner Trustee if any such form, statement or certificate becomes obsolete or incorrect. Owner Participant shall be

responsible for causing to be prepared and filed, at its expense, all income tax returns required to be filed by Owner Participant. Each party hereto, upon request of the other party, will furnish any information in its possession or reasonably available to it as may be reasonably requested by the other party in connection with the preparation of such tax returns or to otherwise comply with the requirements of any taxing authority with respect to the transactions contemplated by the Operative Documents.

ARTICLE VII

INDEMNIFICATION OF OWNER TRUSTEE BY OWNER PARTICIPANT

Section 7.01 Owner Participant to Indemnify Trust Company. Owner Participant hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and does hereby indemnify, protect, save and keep harmless Trust Company, and its successors, assigns, legal representatives, agents and servants, from and against any and all Claims and Taxes (excluding any Taxes payable by Trust Company on or measured by any fees, commissions or other compensation received for services rendered as Owner Trustee hereunder) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Trust Company in any way relating to or arising out of this Trust Agreement or any of the other Operative Documents or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the use, possession, operation, control, delivery, maintenance, repair, substitution, replacement, or other disposition of the Aircraft (including, without limitation, with respect thereto, any such Claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of Owner Trustee or Trust Company hereunder; provided that such indemnification shall not extend to any of the foregoing resulting from (a) the willful misconduct or gross negligence on the part of Owner Trustee or Trust Company, (b) failure on the part of Owner Trustee or Trust Company to use ordinary care in receiving or disbursing funds, (c) the inaccuracy of any representation or warranty of Trust Company (or from the failure of Trust Company to perform any covenant) in any Operative Document or (d) a breach by Trust Company of its covenants set forth in Section 5.04 hereof and the first sentence of Section 5.01 hereof; provided, further, that (i) Owner Participant shall be liable under this Section only to the extent that Trust Company is indemnified by Lessee pursuant to Section 7 of the Participation Agreement and (ii) Trust Company shall not make any claim for indemnification or other payment from the Owner Participant pursuant to this Section 7.01 unless and until Trust Company shall have first made demand upon Lessee for such indemnification. The indemnities contained in this Section extend to Trust Company and shall not be construed as indemnities of the Trust Estate (except to the extent, if any, that the Trust Company has been reimbursed by the Trust Estate for amounts covered by the indemnities contained in this Section). The indemnities contained in this Section shall survive the termination of this Trust Agreement.

ARTICLE VIII

TRANSFER OF OWNER PARTICIPANT'S INTEREST

Section 8.01 Transfer of Interest. All provisions of Section 8.2 of the Participation Agreement shall (with the same force and effect as if set forth in full, *mutatis mutandis*, in this Section) be applicable to any direct or indirect Transfer by Owner Participant of any or all of its right, title or interest in and to this Trust Agreement or any of the other Operative Documents or the Trust Estate or any proceeds therefrom.

ARTICLE IX

SUCCESSOR OWNER TRUSTEES

Section 9.01 Resignation of Owner Trustee; Appointment of Successor.

(a) Resignation or Removal. Owner Trustee (i) shall resign if required to do so pursuant to Section 9.3 of the Participation Agreement and (ii) may resign at any time without cause by giving at least 60 days prior written notice to Owner Participant and Lessee, such resignation to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b). In addition, subject to Article XII and subject to Section 6.2.2 of the Participation Agreement, Owner Participant may at any time remove Owner Trustee, only for cause (or, at any time when the Aircraft is registered in a non-United States jurisdiction, with or without cause), by a notice in writing delivered to Owner Trustee and Lessee, such removal to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b). In the case of the resignation or removal of Owner Trustee, subject to Article XII and subject to Section 6.2.2 of the Participation Agreement, Owner Participant may appoint a successor Owner Trustee by an instrument in writing signed by Owner Participant with the prior written consent of Lessee, such consent not to be unreasonably withheld; provided that, if an Event of Default shall have occurred and be continuing, then no such prior written consent of Lessee shall be so required. If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, Owner Trustee or Lessee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided within one year from the date of the appointment by such court.

(b) Execution and Delivery of Documents, etc. Any successor Owner Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee an instrument accepting such appointment and shall give Owner Participant and Lessee written notice of such acceptance. Upon the execution and delivery of such instrument, such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trust of the predecessor Owner Trustee in the trust hereunder with like effect as if originally named Owner Trustee herein; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trust herein expressed, all the

estates, properties, rights, powers and trust of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all monies or other property then held by such predecessor Owner Trustee as Owner Trustee upon the trust herein expressed, together with all the books and records maintained by such predecessor Owner Trustee with respect to such trust pursuant to Sections 5.04, 5.06 and 6.07. Upon the appointment of any successor Owner Trustee hereunder, the predecessor Owner Trustee will complete, execute and deliver to the successor Owner Trustee such documents as are necessary to cause registration of the Aircraft included in the Trust Estate to be transferred upon the records of the FAA, or the International Registry or other governmental authority having jurisdiction, into the name of the successor Owner Trustee.

(c) Qualification. Any successor Owner Trustee, however appointed, shall be a Citizen of the United States and shall also be a bank or trust company organized under the laws of the United States or any state thereof having a combined capital and surplus of at least \$100,000,000 (or having a combined capital and surplus of at least \$25,000,000 and the obligations of which are guaranteed by a corporation or a bank or trust company having a combined capital and surplus of at least \$100,000,000), if there be such an institution willing, able and legally qualified to perform the duties of Owner Trustee hereunder upon reasonable and customary terms.

(d) Merger, etc. Any corporation into which Trust Company may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which Trust Company shall be a party, or any corporation to which substantially all the corporate trust business of Trust Company may be transferred, shall, subject to the terms of Section 9.01(c), be the institution acting as Owner Trustee hereunder without further act. Trust Company shall pay all costs and expenses associated with such merger, conversion or consolidation, without indemnification or reimbursement from either Lessee or Owner Participant, and shall obtain all necessary documentation properly to reflect such merger, conversion or consolidation.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS

Section 10.01 Supplements and Amendments. Subject to Section 6.4.6(b) of the Participation Agreement, at any time and from time to time, upon the written request of Owner Participant, (a) Owner Trustee, together with Owner Participant, shall execute a supplement to this Trust Agreement for the purpose of adding provisions to, or changing or eliminating provisions of, this Trust Agreement as specified in such request, and (b) Owner Trustee shall enter into such written amendment of or supplement to any other Operative Document as Lessee may agree to and as may be specified in such request, or execute and deliver such written waiver or modification of or consent under the terms of any such Operative Document as Lessee may agree to and as may be specified in such request. Notwithstanding the foregoing, except to the extent permitted by Section 6.4.6(b) of the Participation Agreement, no supplement to this Trust Agreement or waiver or modification of the terms hereof shall be permitted.

Section 10.02 Discretion as to Execution of Documents. If in the opinion of Owner Trustee any document required to be executed pursuant to the terms of Section 10.01 adversely affects any right, duty, immunity or indemnity in favor of Trust Company or Owner Trustee hereunder or under any other Operative Document, Owner Trustee may in its discretion decline to execute such document.

Section 10.03 Absence of Requirements as to Form. It shall not be necessary for any written request furnished pursuant to Section 10.01 to specify the particular form of the proposed documents to be executed pursuant to such Section, but it shall be sufficient if such request shall indicate the substance thereof.

Section 10.04 Distribution of Documents. Promptly after the execution by Owner Trustee of any document entered into pursuant to Section 10.01, Owner Trustee shall mail, by certified mail, postage prepaid, a conformed copy thereof to Owner Participant, but the failure of Owner Trustee to mail such conformed copy shall not impair or affect the validity of such document.

Section 10.05 No Request Needed as to Lease Supplements. No written request pursuant to Section 10.01 shall be required to enable Owner Trustee to enter into any Lease Supplement with Lessee pursuant to Section 3.01 or Section 3.03(a).

ARTICLE XI

MISCELLANEOUS

Section 11.01 Termination of Trust Agreement. This Trust Agreement and the trust created hereby shall terminate and this Trust Agreement shall be of no further force or effect upon the earliest of (a) the later of (i) the sale or other final disposition by Owner Trustee of all property constituting part of the Trust Estate and the final distribution by Owner Trustee of all monies or other property or proceeds constituting part of the Trust Estate in accordance with Article IV, and (ii) the expiration or termination of the Lease in accordance with its terms; provided that at such time Lessee shall have fully complied with all of the terms of the Participation Agreement and the Lease or (b) 110 years less one day after the earlier execution of this Trust Agreement by either Trust Company or Owner Participant (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity or permitting the effective grant of such rights, privileges and options for a period in gross, exceeding the period for which such rights, privileges and options are stated in this clause (b) to extend and be valid, then such rights, privileges or options shall not terminate as aforesaid in this clause (b) but shall extend to and continue in effect, but only if such non-termination and extension shall then be valid under applicable law, until such time as the same shall under applicable law cease to be valid), whereupon all monies or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of Article IV or (c) the election of Owner Participant by notice to Owner Trustee to revoke the trust created hereby; otherwise this Trust Agreement and the trust created hereby shall continue in full force and effect in accordance with the terms hereof. Notwithstanding the foregoing, the provisions of Section 6.4.6 of the Participation Agreement shall apply hereto.

Section 11.02 Owner Participant Has No Legal Title in Trust Estate. Owner Participant does not have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any right, title and interest of Owner Participant in and to the Trust Estate hereunder shall operate to terminate this Trust Agreement or the trust hereunder or entitle any successors or transferees of Owner Participant to an accounting or to the transfer of legal title to any part of the Trust Estate.

Section 11.03 Assignment, Sale, etc. of Aircraft. Any Transfer of the Aircraft by Owner Trustee made pursuant to and in accordance with the terms hereof or of the Lease or the Participation Agreement shall bind Owner Participant and shall be effective to Transfer all right, title and interest of Owner Trustee and Owner Participant in and to the Aircraft. No assignee, purchaser, transferee or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such Transfer or as to the application of any sale or other proceeds with respect thereto by Owner Trustee.

Section 11.04 Third Party Beneficiary. Lessee shall be an express third party beneficiary of this Trust Agreement to the extent the provisions of this Trust Agreement by their terms expressly confer upon Lessee any right or remedy.

Section 11.05 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents or waivers required or permitted under the terms and provisions of this Trust Agreement shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, postage prepaid, overnight courier service or facsimile, and any such notice shall be effective when received (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) and addressed as follows: (a) if to Lessee, Owner Trustee or Trust Company, to the respective addresses set forth in Section 10.1 of the Participation Agreement, and (b) if to Owner Participant, to such address as it shall have furnished by notice to Owner Trustee, or, until an address is so furnished, to the respective address set forth in Section 10.1 of the Participation Agreement. Any party, by notice to the other parties hereto, may designate different addresses for subsequent notices or communications. Whenever the words “notice” or “notify” or similar words are used herein, they mean the provision of formal notice as set forth in this Section.

Section 11.06 Miscellaneous.

(a) Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) No term or provision of this Trust Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing entered into in compliance with the terms of Article X; and any waiver of the terms hereof shall be effective only in the specified instance and for the specific purpose given.

(c) This Trust Agreement and the other Operative Documents, and all certificates, instruments and other documents relating thereto delivered and to be delivered from time to time pursuant to the Operative Documents, supersede any and all representations, warranties and agreements (other than any Operative Document) prior to the date of this Trust Agreement, written or oral, between or among any of the parties hereto relating to the transactions contemplated hereby and thereby.

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

(e) This Trust Agreement shall be binding upon and inure to the benefit of, Owner Participant and, subject to the provisions of Article VIII hereof, its successors and permitted assigns, Owner Trustee and its successors as Owner Trustee under this Trust Agreement and Trust Company and its successors and permitted assigns. Any request, notice, direction, consent, instruction, waiver or other instrument or action by Owner Participant shall bind its successors and permitted assigns.

(f) THIS TRUST AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF UTAH, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

ARTICLE XII

CERTAIN LIMITATIONS ON CONTROL¹

Section 12.01 Limitations on Control. Notwithstanding any other provision of this Trust Agreement, but subject to Sections 12.02 and 12.04, Owner Participant will have no rights or powers to direct, influence or control Owner Trustee in the performance of Owner Trustee's duties under this Trust Agreement in connection with any matters involving the ownership and operation of the Aircraft by Owner Trustee. In all such matters, Owner Trustee shall have absolute and complete discretion in connection therewith and shall be free of any kind of influence or control whatsoever by Owner Participant, and Owner Trustee shall exercise its duties under this Trust Agreement in connection with matters involving the ownership and operation of the Aircraft by Owner Trustee as it, in its discretion, shall deem necessary to protect the interests of the United States, notwithstanding any countervailing interest of any foreign power which, or whose citizens, may have a direct or indirect interest in Owner Participant, and any such action by Owner Trustee shall not be considered malfeasance or in breach of any obligation which Owner Trustee might otherwise have to Owner Participant; provided, however, that subject to the foregoing limitations, Owner Trustee shall exercise its discretion in all matters involving the ownership and operation of the Aircraft by Owner Trustee (a) with due regard for the interests of Owner Participant and (b) in a manner not inconsistent with the provisions of the

¹ Provision subject to change pursuant to FAA regulations regarding NCT.

Operative Documents; provided, further, that Owner Participant may confer with Owner Trustee and/or Owner Trustee may consult with Owner Participant in connection with such matters involving the ownership and operation of the Aircraft (it being understood that any advice, opinion or suggestion obtained by Owner Trustee in the course of such conferring or consulting shall not be binding on Owner Trustee, but that Owner Trustee shall be free to follow or disregard such advice, opinion or suggestion in the exercise of its discretion). In addition, Owner Participant may not remove Owner Trustee or any successor Owner Trustee appointed hereunder, except for cause. Owner Trustee agrees to promptly notify Owner Participant of the exercise of its duties under this Trust Agreement in connection with matters involving the ownership and operation of the Aircraft by Owner Trustee.

Section 12.02 Discretion, Actions and Payments of Owner Trustee. Subject to the requirements of Section 12.01, Owner Trustee agrees that it will not, unless expressly required by the terms of this Trust Agreement, without the prior consent of Owner Participant, (a) sell, transfer, assign, lease, mortgage, pledge or otherwise dispose of the Aircraft or other assets held in the Trust Estate relating thereto or (b) amend or waive any rights under any Operative Document, or give any consents under any Operative Documents. Notwithstanding any other provision of this Article XII, the grant of the rights of Owner Trustee set forth in Section 12.01 shall not extend to any other rights, powers or privileges in respect of the beneficial interest of Owner Participant in the Trust Estate, and Owner Participant (and not Owner Trustee) shall be entitled to receive from Owner Trustee or otherwise all payments of whatsoever kind and nature payable to Owner Participant pursuant to this Trust Agreement in the same manner as if the rights permitted to be exercised by Owner Trustee as described in Section 12.01 had not been transferred to Owner Trustee and held in trust hereunder.

Section 12.03 General. Owner Trustee and Owner Participant hereby agree with each other that if Persons who are neither Citizens of the United States nor resident aliens have the power to direct or remove Owner Trustee, either directly or indirectly through the control of another Person, those Persons together shall not have more than 25% of the aggregate power to direct or remove Owner Trustee.

Section 12.04 Purpose. The purpose of this Article XII is to give Owner Trustee the power to manage and control the Aircraft with respect to matters involving the ownership and operation of the Aircraft by Owner Trustee so as to ensure that (a) the Aircraft shall be controlled with respect to such matters by a Citizen of the United States, and (b) Owner Trustee shall be able to give the affidavit required by Section 47.7(c)(2)(iii) of the Federal Aviation Regulations, 14 C.F.R. §47.7(c)(2)(iii). This Article XII shall be construed in furtherance of the foregoing purposes; provided, however, that this Article XII shall be ignored and given no force or effect: (i) if Owner Participant determines that it meets the requirements for a Citizen of the United States and both Owner Participant and Owner Trustee file with the FAA the affidavits required by Section 47.7(c)(2)(ii) of the Federal Aviation Regulations, 14 C.F.R. §47.7(c)(2)(ii), or (ii) during periods when the Aircraft has been registered in a non-United States jurisdiction and a de-registration telex has been issued by the FAA in connection with the re-registration of the Aircraft in such non-United States jurisdiction.

Section 12.05 Adverse Effect of Citizenship on Registration. If the right (a) to exercise voting or similar rights hereunder by Owner Participant, or (b) (i) to direct, influence, or limit the exercise of, or (ii) to prevent the direction or influence of, or (iii) place any limitation on the exercise of, Owner Trustee's authority, or (c) to remove Owner Trustee, would adversely affect the United States registration of the Aircraft, Owner Participant shall have no such right; provided, however, that this Section shall be of no force or effect during periods in which the Aircraft is registered in a non-United States jurisdiction.

ARTICLE XIII

COMPLIANCE WITH LAWS

Section 13.01 Covenant To Comply With Export Restrictions And U.S. Laws. The Owner Participant acknowledges that the Aircraft may be subject to restrictions involving the export and re-export of the same pursuant to the laws and regulations of the United States, that the laws and regulations of the United States restrict the transfer of any interest in the Aircraft to certain persons (collectively, the "**Export Restrictions**") and that such Export Restrictions may apply to the Aircraft even after the Aircraft has been physically removed or transferred from the United States. The Owner Participant also acknowledges that the Owner Trustee, as a U.S. regulated financial institution, is subject to the laws and regulations of the United States, including, without limitation, those promulgated by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement Network (FinCEN) (collectively, the "**U.S. Laws**"). The Owner Participant agrees that it will comply with, and will not knowingly permit, the Aircraft to be used in a manner that is contrary to, Export Restrictions or U.S. Laws applicable to (1) the Owner Participant; (2) the Owner Trustee; or (3) the Aircraft, including the acquisition, possession, operation, use, maintenance, leasing, subleasing, or other transfer or disposition thereof.

Section 13.02 Approval of Specified Transfer. The Owner Participant agrees that it will not permit the assignment of this Trust Agreement, any transfer of the beneficial interest of the Owner Participant created by this Trust Agreement, or a lease or sublease of the Aircraft (collectively, a "**Specified Transfer**") without first informing the Owner Trustee of such proposed Specified Transfer and taking reasonable steps to provide the Owner Trustee with such information in relation to any Specified Transfer and any proposed transferee in connection with such Specified Transfer (the "**Specified Transferee**") to allow the Owner Trustee to identify the Specified Transferee and perform the appropriate checks in accordance with and for the purposes of compliance with its "know your customer" requirements, any anti-money laundering requirements and any Export Restrictions or other U.S. Laws. The Owner Trustee shall not unreasonably delay its review of such information. If the Owner Trustee has determined that the Specified Transfer will or may reasonably be expected to put the Owner Trustee at risk of violating any laws or regulations applicable to the Owner Trustee including, without limitation, the Export Restrictions and/or U.S. Laws, or if the Owner Trustee in its sole discretion believes that the information provided to it by the Owner Participant is not sufficient to enable it to make such a determination, it shall promptly notify the Owner Participant of its determination and if the Owner Participant decides to proceed with the Specified Transfer then: (i) subject to the terms of this Agreement, the Owner Trustee may resign or the Owner Participant may remove the Owner Trustee; and (ii) the Owner Trustee shall have no obligation to facilitate a Specified Transfer while the Owner Trustee's resignation or removal is pending.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

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

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**

By

Name:

Title:

[NAME OF OWNER PARTICIPANT]

By

Name:

Title:

ANNEX A

DEFINITIONS

ANNEX A

Page 1

LA 1 – Trust Agreement

FORM OF PARTICIPATION AGREEMENT

EXHIBIT III

LA 1 – Participation Agreement

**CONFIDENTIAL: Subject to Restrictions on Dissemination
Set Forth in Section 10.4 of this Agreement**

**PARTICIPATION AGREEMENT ([YEAR]
MSN [MSN])**

dated as of

[Date]

among

AMERICAN AIRLINES, INC.,
as Lessee

[NAME OF OWNER PARTICIPANT],
as Owner Participant

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
not in its individual capacity, except as expressly provided herein,
but solely as Owner Trustee

Covering One Airbus [Model] Aircraft
(Generic Manufacturer and Model AIRBUS [Generic Model])

LA 1 – Participation Agreement

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EXHIBITS, ANNEXES AND SCHEDULES

EXHIBIT A	FORM OF OPINION OF [ASSOCIATE] GENERAL COUNSEL FOR LESSEE
EXHIBIT B	FORM OF OPINION OF SPECIAL COUNSEL FOR OWNER TRUSTEE
EXHIBIT C	[INTENTIONALLY LEFT BLANK]
EXHIBIT D	FORM OF OPINION OF AVIATION COUNSEL
EXHIBIT E	FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT
EXHIBIT F	FORM OF BUYER FURNISHED EQUIPMENT BILL OF SALE
EXHIBIT G	FORM OF OWNER PARTICIPANT GUARANTEE
EXHIBIT H	FORM OF ENGINE WARRANTY AGREEMENT ¹
ANNEX A	DEFINITIONS
ANNEX B	PAYMENT INFORMATION
SCHEDULE A	CERTAIN TERMS
SCHEDULE B	RE-REGISTRATION CONDITIONS

¹ Include form agreed with CFM for A319 and A320 aircraft. Include form agreed with IAE for A321 aircraft.

PARTICIPATION AGREEMENT ([YEAR] MSN [MSN])

THIS PARTICIPATION AGREEMENT ([YEAR] MSN [MSN]), dated as of [] (as amended, modified or supplemented from time to time, this “**Agreement**”), among (i) **AMERICAN AIRLINES, INC.**, a Delaware corporation (together with its successors and permitted assigns, “**Lessee**”), (ii) **[NAME OF OWNER PARTICIPANT]**, a [jurisdiction] [type of entity] (together with its successors and permitted assigns, “**Owner Participant**”), and (iii) **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, a national banking association, not in its individual capacity except as expressly provided herein, but solely as Owner Trustee (herein in such capacity, together with its successors and permitted assigns, “**Owner Trustee**”, and in its individual capacity, together with its successors and permitted assigns, “**Trust Company**”).

RECITALS:

1. Subject to the terms and conditions set forth herein, Owner Trustee is willing to lease the Aircraft to Lessee, and Lessee is willing to lease the Aircraft from Owner Trustee pursuant to the Lease.
2. On or prior to the date hereof, Owner Participant has entered into the Trust Agreement with Trust Company, pursuant to which Owner Trustee agrees, among other things, to hold the Trust Estate for the benefit of Owner Participant on the terms specified in such Trust Agreement.
3. Pursuant to the terms of the Trust Agreement, Owner Trustee is authorized and directed by Owner Participant to execute and deliver the Lease, pursuant to which, subject to the terms and conditions set forth therein, Owner Trustee agrees to lease to Lessee, and Lessee agrees to lease from Owner Trustee, the Aircraft on the Delivery Date, such lease to be evidenced by the execution and delivery of Lease Supplement No. 1.

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

Section 1. Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth, and shall be construed and interpreted in the manner described, in Annex A for all purposes of this Agreement.

Section 2. Lease of Aircraft. Subject to the terms and conditions of this Agreement, on the Delivery Date, Owner Trustee agrees to lease the Aircraft to Lessee, and Lessee agrees to lease the Aircraft from Owner Trustee, pursuant to the Lease.

Section 3. Closing. On the Delivery Date, subject to the terms and conditions of this Agreement and the Lease, Owner Trustee shall lease the Aircraft to Lessee and Lessee shall accept the Aircraft under the Lease by executing and delivering Lease Supplement No. 1. The closing (the “**Closing**”) of the transactions contemplated hereby shall take place commencing at 9:00 a.m., Fort Worth, Texas time (or such later time as the parties may agree), on the Delivery Date at the offices of Lessee in Fort Worth, Texas.

Section 4. Conditions Precedent.

4.1 Conditions Precedent to Obligations of Owner Participant. The obligation of Owner Participant to take the actions required by this Agreement to be taken by it at the Closing is subject to the satisfaction or waiver by Owner Participant, prior to or at the Closing, of the conditions precedent set forth below in this Section 4.1; provided that it shall not be a condition precedent to the obligations of Owner Participant that any document be delivered or action be taken that is to be delivered or be taken by Owner Participant or by a Person within Owner Participant's control.

4.1.1 Delivery of Documents. This Agreement and the following documents shall have been duly authorized, executed and delivered by the respective party or parties thereto, shall be in form and substance reasonably satisfactory to Owner Participant, shall be in full force and effect and executed original counterparts or copies thereof shall have been delivered to Owner Participant or its special counsel unless the failure to receive such document is the result of any action or inaction by Owner Participant or by a Person within Owner Participant's control:

- (a) the Trust Agreement and the Owner Participant Guarantee, if any;
- (b) [a bill of sale for buyer furnished equipment in substantially the form attached hereto as Exhibit F; provided that only the Owner Trustee shall receive the sole executed original thereof;]
- (c) the Lease and Lease Supplement No. 1; provided that only Owner Trustee shall receive the sole executed chattel paper original of each thereof;
- (d) the Engine Warranty Agreement;
- (e) an insurance report of Lessee's independent insurance broker as to the due compliance with the terms of Section 11 of the Lease relating to insurance with respect to the Aircraft and certificates of insurance;
- (f) (i) a copy of the resolutions of the board of directors (or executive committee) of Lessee, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Lessee, duly authorizing the execution, delivery and performance by Lessee of the Operative Documents executed and to be executed by Lessee and each other document required to be executed and delivered by Lessee, in accordance with the provisions hereof; (ii) copies of the certificate of incorporation and by-laws of Lessee, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Lessee, together with all amendments and supplements thereto; and (iii) an incumbency certificate of Lessee, dated as of the Delivery Date, as to the persons authorized to execute and deliver this Agreement, the other Operative Documents to which Lessee is or is to be a party and each other document executed or to be executed on behalf of Lessee in connection with the transactions contemplated hereby and thereby and the signatures of such person or persons;

(g) (i) a copy of the resolutions of the board of directors (or executive committee) of Trust Company, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Trust Company, duly authorizing the execution, delivery and performance by Trust Company and Owner Trustee of the Operative Documents executed and to be executed by each such party and each other document required to be executed and delivered by each such party in accordance with the provisions hereof; (ii) copies of the articles of association, by-laws and/or other constituent documents of Trust Company, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Trust Company, together with all amendments and supplements thereto; and (iii) an incumbency certificate of Trust Company, dated as of the Delivery Date, as to the persons authorized to execute and deliver this Agreement, the other Operative Documents to which Trust Company or Owner Trustee is or is to be a party and each other document executed or to be executed on behalf of Trust Company or Owner Trustee in connection with the transactions contemplated hereby and thereby and the signatures of such person or persons;

(h) officer's certificates, dated the Delivery Date, from (i) Lessee, certifying as to the correctness of each of the matters stated in Section 4.1.4 (insofar as the same relate to Lessee or the Aircraft); and (ii) each of Trust Company, Owner Trustee [and], Owner Participant [and Owner Participant Guarantor], certifying that no Lessor's Lien attributable to such party exists, and further certifying as to the correctness of each of the matters stated in Section 4.1.4 (insofar as the same relate to such Person); and

(i) opinions, dated the Delivery Date, from (i) [David A. Allen], Esq., [Associate] General Counsel of Lessee, addressed to Owner Participant and Owner Trustee, in substantially the form attached hereto as Exhibit A, (ii) [Ray, Quinney & Nebeker P.C.], special counsel for Owner Trustee, addressed to Owner Participant and Lessee, in substantially the form attached hereto as Exhibit B, and (iii) opinion(s) of in-house/external counsel of Owner Participant [and in-house/external counsel of Owner Participant Guarantor, in each case] addressed to Owner Trustee and Lessee, in form and substance satisfactory to Lessee.

4.1.2 No Violation. No change shall have occurred after the date of the execution and delivery of this Agreement in applicable law or regulations thereunder or interpretations thereof by appropriate governmental authorities or any court that would make it a violation of law or regulation for Lessee, Owner Participant or Owner Trustee to execute, deliver and perform its respective obligations under this Agreement or the other Operative Documents and any transactions contemplated by this Agreement or the other Operative Documents.

4.1.3 No Proceedings. No action or proceeding or governmental action shall have been instituted or threatened before any court or governmental authority, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental authority, at the time of the Delivery Date to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the other Operative Documents or the transactions contemplated hereby and thereby.

4.1.4 Representations, Warranties and Covenants. On the Delivery Date, the representations and warranties of each of Lessee and Trust Company made herein and in the other Operative Documents shall be correct and accurate in all material respects, in each case as though made on and as of such date, or if such representations and warranties relate solely to an

earlier date, as of such earlier date, and each of Lessee and Trust Company shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in the other Operative Documents to which it is party to be observed and performed by it as of the Delivery Date.

4.1.5 Governmental Authority. All appropriate actions required to have been taken prior to the Delivery Date in connection with the transactions contemplated by this Agreement and the other Operative Documents by any governmental authority shall have been taken, and all orders, permits, waivers, exemptions, authorizations and approvals of any governmental authority required to be in effect on the Delivery Date in connection with the transactions contemplated by this Agreement and the other Operative Documents (other than the filings and registrations referred to in Section 5.1.7) shall have been issued, and all such orders, permits, waivers, exemptions, authorizations and approvals shall be in full force and effect on the Delivery Date.

4.1.6 No Event of Default. On the Delivery Date, no event has occurred and is continuing that constitutes an Event of Default.

4.1.7 Aircraft Status. The Aircraft shall have been duly certified by the FAA as to type.

4.1.8 Sales Tax. Lessee shall have provided such exemption certificates for sales, use, value added, goods and services, transfer, stamp or similar Tax purposes with respect to the delivery and lease of the Aircraft as Owner Participant may reasonably request.

4.1.9 Filings. On the Delivery Date, (a) the Lease and Lease Supplement No. 1 shall have been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA pursuant to the Transportation Code and (b) a precautionary UCC financing statement covering the Lease shall have been duly filed in the State of Delaware (or arrangements shall have been made for filing promptly after the Delivery Date).

4.1.10 Aircraft Registration. Counsel to the FAA or Aviation Counsel shall have confirmed in writing that the Aircraft is registered or is eligible to be registered in the name of Owner Trustee.

4.1.11 No Event of Loss. On the Delivery Date, no event has occurred and is continuing that constitutes an Event of Loss with respect to the Aircraft.

4.1.12 Material Adverse Change. On the Delivery Date, no Material Adverse Change shall have occurred and be continuing. For purposes of this Section 4.1.12, "Material Adverse Change" shall mean (i) the commencement of any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings against or involving Lessee, as debtor, other than the Chapter 11 Case; (ii) any default by Lessee, after any applicable grace period, in the payment of any indebtedness for borrowed money where such default is in excess of ten million US Dollars (US\$10,000,000), except to the extent resulting from the commencement of the Chapter 11 Case; or (iii) any default by Lessee, after any applicable grace period, in the payment of any regularly-scheduled rental payment under any operating lease where the amount defaulted of the cumulative regularly-scheduled rental payments over the term of such operating lease is in excess of ten million US Dollars (US\$10,000,000), except to the extent resulting from the commencement of the Chapter 11 Case.

4.2 Conditions Precedent to Obligations of Owner Trustee. The obligation of Owner Trustee to take the actions required by this Agreement to be taken by it at the Closing is subject to the satisfaction or waiver by Owner Trustee, prior to or at the Closing, of the conditions precedent set forth below in this Section 4.2; provided that it shall not be a condition precedent to the obligations of Owner Trustee that any document be delivered or action be taken that is to be delivered or be taken by Owner Trustee or by a Person within Owner Trustee's control.

4.2.1 Delivery of Documents. Executed original counterparts or copies of the following documents shall have been received by Owner Trustee or its special counsel, unless the failure to receive such document is the result of any action or inaction by Owner Trustee or by a Person within Owner Trustee's control:

(a) the documents described in Section 4.1.1, except as specifically provided therein;

(b) (i) a copy of the resolutions of the board of directors (or executive committee) of Owner Participant, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Owner Participant, duly authorizing the execution, delivery and performance by Owner Participant of the Operative Documents executed and to be executed by Owner Participant and each other document required to be executed and delivered by Owner Participant, in accordance with the provisions hereof; (ii) copies of the certificate of incorporation, by-laws and/or other constituent documents of Owner Participant, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Owner Participant, together with all amendments and supplements thereto; and (iii) an incumbency certificate of Owner Participant, dated as of the Delivery Date, as to the persons authorized to execute and deliver this Agreement, the other Operative Documents to which Owner Participant is or is to be a party and each other document executed or to be executed on behalf of Owner Participant in connection with the transactions contemplated hereby and thereby and the signatures of such person or persons;

[(c) (i) a copy of the resolutions of the board of directors (or executive committee) of Owner Participant Guarantor, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Owner Participant Guarantor, duly authorizing the execution, delivery and performance by Owner Participant Guarantor of the Operative Documents executed and to be executed by Owner Participant Guarantor and each other document required to be executed and delivered by Owner Participant Guarantor, in accordance with the provisions hereof; (ii) copies of the certificate of incorporation, by-laws and/or other constituent documents of Owner Participant Guarantor, certified as of the Delivery Date by the Secretary or an Assistant Secretary of Owner Participant Guarantor, together with all amendments and supplements thereto; and (iii) an incumbency certificate of Owner Participant Guarantor, dated as of the Delivery Date, as to the persons authorized to execute and deliver the Operative Documents to

which Owner Participant Guarantor is or is to be a party and each other document executed or to be executed on behalf of Owner Participant Guarantor in connection with the transactions contemplated hereby and thereby and the signatures of such person or persons;] and

(d) [evidence of Owner Participant's appointment of a process agent as provided in Section 10.7.7 and [of Owner Participant Guarantor's appointment of a process agent as provided in the Owner Participant Guarantee and]1 [each] of such process agent's acceptance of such appointment.]2

4.2.2 Other Conditions Precedent. Each of the conditions set forth in Sections 4.1.2, 4.1.3, 4.1.4, 4.1.5, 4.1.6, 4.1.7, 4.1.8, 4.1.9, 4.1.10 and 4.1.11 shall have been satisfied or waived by Owner Trustee, unless the failure of any such condition to be satisfied is the result of any action or inaction by Owner Trustee or by a Person within Owner Trustee's control.

4.3 Conditions Precedent to Obligations of Lessee. The obligation of Lessee to take the actions required by this Agreement to be taken by it at the Closing is subject to the satisfaction or waiver by Lessee, prior to or at the Closing, of the conditions precedent set forth below in this Section 4.3; provided that it shall not be a condition precedent to the obligations of Lessee that any document be delivered or action be taken that is to be delivered or be taken by Lessee or by a Person within Lessee's control.

4.3.1 Delivery of Documents. Executed original counterparts or copies of the following documents shall have been received by Lessee or its counsel, unless the failure to receive such document is the result of any action or inaction by Lessee or by a Person within Lessee's control:

(a) the documents described in Sections 4.1.1, [and] 4.2.1(b), [and 4.2.1(c)], [and 4.2.1(d)];3 except as specifically provided therein; and

(b) the Owner Participant Guarantee, if any.

4.3.2 Sales Tax. Owner Trustee and Owner Participant shall have provided such exemption certificates for sales, use, value added, goods and services, transfer, stamp or similar Tax purposes with respect to the delivery and lease of the Aircraft as Lessee may reasonably request, and Lessee shall be reasonably satisfied that no such Tax is payable with respect to such delivery and lease.

4.3.3 Tax Forms. Lessee shall have received from Owner Trustee a duly completed and executed original IRS Form W-9, and each of Lessee and Owner Trustee shall

1 Include if Owner Participant Guarantor is foreign.

2 Include if foreign OP.

3 Include if foreign OP or foreign OP guarantor.

have received from Owner Participant a duly completed and executed original IRS Form [W-9]⁴ (and/or other applicable IRS Form(s)), in each case, establishing a complete exemption from U.S. federal withholding Taxes with respect to all payments of Rent or other amounts to or for the benefit of Owner Trustee or Owner Participant under the Operative Documents.

4.3.4 Representations, Warranties and Covenants. On the Delivery Date, the representations and warranties of each of Lessor, Trust Company, Owner Participant and Owner Participant Guarantor (if any) made herein and in the other Operative Documents shall be correct and accurate in all material respects, in each case as though made on and as of such date, or if such representations and warranties relate solely to an earlier date, as of such earlier date, and each of Lessor, Trust Company, Owner Participant and Owner Participant Guarantor (if any) shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in the other Operative Documents to which it is party to be observed and performed by it as of the Delivery Date.

4.3.5 Title. Title to the Aircraft shall have been conveyed to Owner Trustee (subject to the recordation of the FAA Bill of Sale with the FAA pursuant to Section 6.5.1 and the registration on the International Registry of the Sale of the Airframe and Engines from Manufacturer to Owner Trustee pursuant to Section 6.5.2), free and clear of Liens other than (a) the rights and interests of Owner Trustee and Lessee under the Lease and Lease Supplement No. 1 covering the Aircraft and (b) the beneficial interest of Owner Participant created by the Trust Agreement.

4.3.6 Filings. On the Delivery Date, the FAA Bill of Sale shall have been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA pursuant to the Transportation Code.

4.3.7 Application for Registration. Counsel to the FAA or Aviation Counsel shall have confirmed in writing that the Aircraft is registered or is eligible to be registered in the name of Owner Trustee, the Aircraft shall be registered with the FAA in the name of the Owner Trustee (or application for registration of the Aircraft in the name of Owner Trustee shall have been duly made with the FAA) and Lessee has temporary or permanent authority to operate the Aircraft.

4.3.8 Aircraft Status. Lessee shall have executed and delivered to the Manufacturer a Certificate of Acceptance (as such term is defined in the American/Airbus Purchase Agreement) with respect to the Aircraft.

4.3.9 Other Conditions Precedent. Each of the conditions set forth in Sections 4.1.2, 4.1.3, 4.1.5, 4.1.7, 4.1.8, 4.1.9, 4.1.10 and 4.1.11 shall have been satisfied or waived by Lessee, unless the failure of any such condition to be satisfied is the result of any action or inaction by Lessee or by a Person within Lessee's control.

⁴ If foreign OP, replace W-9 with W-8BEN or other relevant IRS form(s).

4.4 Aviation Counsel Opinions.

4.4.1 Filing Opinion. Promptly following the filings and registrations described in Sections 6.5.1 and 6.5.2, Lessee, Owner Trustee and Owner Participant shall receive an opinion addressed to each of them from Aviation Counsel, substantially in the form of Exhibit D.

4.4.2 Recordation Opinion. Promptly following the registration of the Aircraft, the recording of the FAA Bill of Sale, the Lease and Lease Supplement No. 1 pursuant to the Transportation Code, and the receipt of appropriate and correct recording information from the FAA, Lessee, Owner Trustee and Owner Participant shall receive an opinion addressed to each of them from Aviation Counsel, as to the due registration of the Aircraft, the due recording of such instruments and the lack of filing of any intervening documents with respect to the Aircraft.

Section 5. Representations and Warranties.

5.1 Representations and Warranties of Lessee. Lessee hereby represents and warrants that as of the date hereof:

5.1.1 Organization. Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority[, as a debtor in possession under Section 1107 and 1108 of the Bankruptcy Code,]⁵ to own or hold under lease its properties and to enter into and perform its obligations under the Operative Documents to which it is or will be a party.

5.1.2 Corporate Authorization; No Violation. The execution, delivery and performance by Lessee of this Agreement and the other Operative Documents to which it is or will be a party have been duly authorized by all necessary corporate action on the part of Lessee [and by the Bankruptcy Court]⁶, do not require any stockholder approval or approval or consent of any trustee or holder of indebtedness or obligations of Lessee, except such as have been duly obtained, and do not and will not violate the certificate of incorporation or by-laws of Lessee or any current law, governmental rule, regulation, judgment or order binding on Lessee or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of Lessee under, any indenture, mortgage, contract or other agreement to which Lessee is a party or by which Lessee or its properties is or are bound or affected.

5.1.3 Approvals. Neither the execution and delivery by Lessee of, nor the performance by Lessee of its obligations under, nor the consummation by Lessee of the transactions contemplated in, this Agreement and the other Operative Documents to which Lessee is or will be a party, requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of, the Department of Transportation, the FAA or any other United States federal or state governmental authority

⁵ Include if the Closing occurs during the pendency of the Chapter 11 Case.

⁶ *Id.*

having jurisdiction, or the International Registry, except for (a) the filings and registrations referred to in Section 5.1.7, (b) [the Bankruptcy Court Order, (c)]⁷ notices, filings, recordings and other actions required to be given, made or performed after the Delivery Date and ([c][d]) such action, as a result of any act or omission by Owner Trustee, Owner Participant or any Affiliate of any thereof, as may be required under the United States federal securities laws or the securities or other laws of any state thereof or other jurisdiction applicable to sales of securities.

5.1.4 Valid and Binding Agreements. This Agreement has been duly executed and delivered by Lessee and constitutes, and each other Operative Document to which Lessee will be a party will be duly executed and delivered by Lessee and, when executed and delivered, will constitute, the legal, valid and binding obligation of Lessee enforceable against Lessee in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity and except, in the case of the Lease, as limited by applicable laws that may affect the remedies provided in the Lease, which laws, however, do not make the remedies provided in the Lease inadequate for the practical realization of the rights and benefits intended to be provided thereby.

5.1.5 Litigation. Except for such matters disclosed in press releases issued by [AMR Corporation]⁸ [American Airlines Group, Inc.]⁹ or Lessee or in public filings made with the Securities and Exchange Commission under the Exchange Act by [AMR Corporation] [American Airlines Group, Inc.] or Lessee, there are no pending or, to Lessee's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the ability of Lessee to perform its obligations under this Agreement or any of the other Operative Documents to which Lessee is or will be a party.

5.1.6 Securities Law. Neither Lessee nor any Person authorized to act on its behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any applicable securities law.

5.1.7 Registration and Recordation. Except for (a) the registration of the Aircraft with the FAA pursuant to the Transportation Code and periodic renewals of such registration as may be necessary under the FAA regulations governing U.S. registration of aircraft, (b) the filing for recordation with the FAA pursuant to the Transportation Code of the FAA Bill of Sale, the Lease and Lease Supplement No. 1 and (c) the registration on the International Registry of (i) the Sale of the Airframe and Engines from Manufacturer to Owner Trustee and (ii) the International Interests created under the Lease (as supplemented by Lease Supplement No. 1), no further filing or recording of any document is necessary or advisable in

⁷ Include if the Closing occurs during the pendency of the Chapter 11 Case.

⁸ Include here and in following lines if merger is not effective when the Closing occurs.

⁹ Include and in following lines if merger is effective when the Closing occurs.

order to establish and perfect Owner Trustee's interests in the Aircraft as against Lessee and any third parties in any jurisdiction within the United States, other than the filing of a precautionary financing statement in respect thereof under Article 9 of the UCC as in effect in the State of Delaware and the filing of continuation statements with respect thereto required to be filed at periodic intervals under such UCC.

5.1.8 Certificated Air Carrier. Lessee is a Certificated Air Carrier.

5.2 Representations and Warranties of Owner Participant. Owner Participant hereby represents and warrants that as of the date hereof:

5.2.1 Organization. Owner Participant is [type of entity] duly organized, validly existing and in good standing under the laws of [jurisdiction of organization] and has the [corporate] power and authority to own or hold under lease its properties, to carry on its business and operations and to enter into and perform its obligations under the Operative Documents to which it is or will be a party.

5.2.2 Corporate Authorization; No Violation. The execution, delivery and performance by Owner Participant of this Agreement and the other Operative Documents to which it is or will be party have been duly authorized by all necessary [corporate] action on the part of Owner Participant, do not require any [stockholder] approval or approval or consent of any trustee or holder of indebtedness or obligations of Owner Participant, except such as have been duly obtained, or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of Owner Participant under, any indenture, mortgage, contract or other agreement to which Owner Participant is a party or by which Owner Participant or its properties is or are bound or affected. The execution, delivery and performance by Owner Participant of this Agreement and the other Operative Documents to which it is or will be party and the acquisition by Owner Participant of its interest in the Trust Estate (and the rights related thereto) do not and will not violate the [organizational documents] of Owner Participant or any current law, governmental rule, regulation, judgment or order binding on Owner Participant (including, without limitation, any such law, rule, regulation, judgment or order relating to money-laundering, anti-corruption or export control or imposing economic sanctions).

5.2.3 Approvals. Neither the execution and delivery by Owner Participant of, nor the performance by Owner Participant of its obligations under, nor the consummation by Owner Participant of the transactions contemplated in, this Agreement and the other Operative Documents to which Owner Participant is or will be a party, requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of any [jurisdiction of organization] governmental authority having jurisdiction.

5.2.4 Valid and Binding Agreements. This Agreement has been duly executed and delivered by Owner Participant and constitutes, and each other Operative Document to which Owner Participant will be a party will be duly executed and delivered by Owner Participant and, when executed and delivered, will constitute, the legal, valid and binding obligation of Owner Participant enforceable against Owner Participant in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

5.2.5 Litigation. There are no pending or, to Owner Participant's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the ability of Owner Participant to perform its obligations under this Agreement or any of the other Operative Documents to which Owner Participant is or will be a party.

5.2.6 Securities Law. Neither Owner Participant nor any Person authorized to act on its behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any other applicable securities law.

5.2.7 No Liens. On the Delivery Date, there are no Lessor's Liens attributable to it.

5.2.8 Citizenship. Either (a) Owner Participant is a Citizen of the United States or (b) the Trust Agreement is in a form that permits the Aircraft to be registered with the FAA in the name of Owner Trustee (without regard to any provision of applicable law that permits FAA registration of an aircraft by limiting its location and usage but with regard to voting trust provisions and provisions delegating certain control rights to Owner Trustee), notwithstanding the failure of Owner Participant to be a Citizen of the United States.

5.2.9 ERISA. Either (a) no part of the funds to be used by Owner Participant to make and hold its investment pursuant to this Agreement directly or indirectly constitutes assets of any "employee benefit plan" (as defined in Section 3(3) of ERISA) or of any "plan" (as defined in Section 4975(e) of the Code) or (b) its purchase and holding of its interest in the Trust Estate and its investment pursuant to this Agreement are exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to one or more prohibited transaction statutory or administrative exemptions.

5.2.10 Qualifying Institution. [Owner Participant is a Qualifying Institution (as defined in Section 8.2(a)(ii)) as of the Delivery Date.]¹⁰

5.2.11 Tax Status. [Owner Participant is a domestic [corporation] [partnership] for U.S. federal income tax purposes.]¹¹

¹⁰ If Owner Participant is not itself a Qualifying Institution, replace with the following representation: "On the Delivery Date, Owner Participant's obligations under the Operative Documents are guaranteed by Owner Participant Guarantor pursuant to the Owner Participant Guaranty. On the Delivery Date, Owner Participant Guarantor is a direct or indirect parent of Owner Participant and is a Qualifying Institution."

¹¹ If Owner Participant is a foreign entity, replace with language to the following effect: "Owner Participant is (x) taxed as a [corporation] [disregarded entity] for U.S. federal income tax purposes, (y) a corporation resident in [] for [] tax purposes [(by virtue of being managed and controlled in [])] and (z) a resident of [] within the meaning of the income tax convention between [] and the United States (the "**Treaty**") and fully eligible for the benefits of the ["Business Profits"] ["Industrial or Commercial Profits"], "Interest" and "Other Income" articles of the Treaty with respect to all payments under the Lease and the other Operative Documents and all income of Lessor with respect thereto." If a foreign Owner Participant is tax-transparent, add similar language regarding its owners. In addition, in the case of a foreign Owner Participant, Lessee will need to understand whether the Owner Participant's country imposes, under the Law in effect on the Delivery Date, any Taxes on the delivery of the Aircraft to Lessee under the Lease, or requires any stamp, value added or similar Taxes to be charged or collected by Lessee or Owner Trustee with respect to the Operative Documents or any Rent.

5.3 Representations and Warranties of Owner Trustee and Trust Company. Wells Fargo Bank Northwest, National Association, as Trust Company (except with respect to Sections 5.3.4(b), 5.3.5(b) and 5.3.7(b)) and as Owner Trustee, hereby represents and warrants that as of the date hereof:

5.3.1 Organization. Trust Company is a national banking association duly organized and validly existing and in good standing under the laws of the United States and has the corporate power, authority and legal right under the laws of the United States pertaining to its banking, trust and fiduciary powers to enter into and perform its obligations under the Operative Documents to which it is or will be a party.

5.3.2 Corporate Authorization. The execution, delivery and performance by each of Trust Company and Owner Trustee of this Agreement and the other Operative Documents to which it is or will be party have been duly authorized by all necessary corporate action on the part of Trust Company or Owner Trustee, as the case may be, do not require any stockholder approval or approval or consent of any trustee or holder of indebtedness or obligations of Trust Company or Owner Trustee, except as such as have been duly obtained, and do not and will not violate the certificate of incorporation or by-laws of Trust Company or any current law, governmental rule, regulation, judgment or order binding on Trust Company or Owner Trustee pertaining to its banking, trust or fiduciary powers or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of Trust Company or Owner Trustee under, any indenture, mortgage, contract or other agreement to which Trust Company or Owner Trustee is a party or by which Trust Company or Owner Trustee or its properties is or are bound or affected.

5.3.3 Approvals. Neither the execution and delivery by Trust Company or Owner Trustee of, nor the performance by Trust Company or Owner Trustee of its obligations under, nor the consummation by Trust Company or Owner Trustee of the transactions contemplated in, this Agreement and the other Operative Documents to which Trust Company or Owner Trustee is or will be a party, requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of, any United States federal or Utah state governmental authority having jurisdiction over its banking, trust or fiduciary powers.

5.3.4 Valid and Binding Agreements. (a) This Agreement has been duly executed and delivered by Trust Company and constitutes, and each other Operative Document to which Trust Company will be a party will be duly executed and delivered by Trust Company and, when executed and delivered, will constitute, the legal, valid and binding obligation of Trust Company enforceable against Trust Company in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

(b) This Agreement has been duly executed and delivered by Owner Trustee and constitutes, and each other Operative Document to which Owner Trustee will be a party will be duly executed and delivered by Owner Trustee and, when executed and delivered, will constitute, the legal, valid and binding obligation of Owner Trustee enforceable against Owner Trustee in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

5.3.5 Litigation. (a) There are no pending or, to Trust Company's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the financial condition of Trust Company or the ability of Trust Company to perform its obligations under this Agreement or any of the other Operative Documents to which Trust Company is or will be a party.

(b) There are no pending or, to Owner Trustee's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the financial condition of Owner Trustee or the ability of Owner Trustee to perform its obligations under this Agreement or any of the other Operative Documents to which Owner Trustee is or will be a party.

5.3.6 Securities Law. Neither Owner Trustee nor Trust Company nor any Person authorized to act on their respective behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security for sale to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any applicable securities law.

5.3.7 No Liens; Title. (a) On the Delivery Date, there are no Lessor's Liens attributable to Trust Company.

(b) On the Delivery Date, there are no Lessor's Liens attributable to Owner Trustee.

(c) On the Delivery Date, Owner Trustee shall have received whatever title to the Aircraft was conveyed to it by Manufacturer.

5.3.8 Citizenship. Each of Owner Trustee and Trust Company is a Citizen of the United States (without making use of a voting trust agreement or a voting powers agreement).

5.3.9 No Taxes. There are no Taxes imposed by the State of Utah or any political subdivision thereof in connection with the execution and delivery by Trust Company or Owner Trustee of this Agreement or the other Operative Documents to which it is a party or the acquisition by Owner Trustee of its interest in the Aircraft. There are no Taxes imposed by the State of Utah or any political subdivision thereof on Owner Trustee or Trust Company (other than franchise or other taxes based on or measured by any fees or compensation received for services rendered as Owner Trustee) in connection with the ownership and leasing of the Aircraft under, or the performance by Trust Company or Owner Trustee of, the Lease or the other Operative Documents to which it is a party, which Taxes would not have been imposed if the Trust Agreement were not governed by Utah law and neither Trust Company nor Owner Trustee had its principal place of business in, held the Trust Estate in or performed its duties under the Trust Agreement and the other Operative Documents in the State of Utah.

Section 6. Covenants and Agreements.

6.1 Covenants of Lessee.

6.1.1 Corporate Existence; Certificated Air Carrier. Lessee shall at all times maintain its corporate existence (except as permitted by Section 6.1.3) and shall do or cause to be done all things necessary to preserve and keep in full force and effect its rights (charter and statutory) and franchises to the extent deemed necessary in the good faith judgment of Lessee in the ordinary course of business except for any right or franchise that Lessee determines is no longer necessary or desirable in the conduct of its business. Lessee shall, for as long as and to the extent required under Section 1110 in order that Lessor be entitled to the benefits of Section 1110 with respect to the Aircraft (if any), remain a Certificated Air Carrier.

6.1.2 Financial and Other Information. Lessee agrees to furnish Owner Trustee and Owner Participant:

(a) within 60 days after the end of each of the first three quarterly periods in each fiscal year of Lessee during the Term, either (i) a consolidated balance sheet of Lessee and its consolidated subsidiaries as of the close of such period, together with the related consolidated statements of income for such period, or (ii) a report of Lessee on Form 10-Q in respect of such period in the form filed with the Securities and Exchange Commission;

(b) within 120 days after the close of each fiscal year of Lessee during the Term, either (i) a consolidated balance sheet of Lessee and its consolidated subsidiaries as of the close of such fiscal year, together with the related consolidated statements of income for such fiscal year, as certified by independent public accountants, or (ii) a report of Lessee on Form 10-K in respect of such year in the form filed with the Securities and Exchange Commission;

(c) within 120 days after the close of each fiscal year of Lessee during the Term, a certificate of Lessee signed by a Responsible Officer of Lessee, to the effect that the signer has reviewed the relevant terms of the Lease and has made, or caused to be made under

his or her supervision, a review of the transactions and condition of Lessee during the accounting period covered by the financial statements referred to in clause (b) above, and that such review has not disclosed the existence during such accounting period, nor does the signer have knowledge of the existence as of the date of such certificate, of any Event of Default or, if any such Event of Default exists or existed, specifying the nature and period of existence thereof and what action Lessee has taken or is taking or proposes to take with respect thereto; and

(d) such other non-confidential information readily available to Lessee without undue expense as Owner Trustee shall reasonably request.

The items required to be furnished pursuant to clause (a) and clause (b) above shall be deemed to have been furnished on the date on which such item is posted on the Securities and Exchange Commission's website at www.sec.gov, and such posting shall be deemed to satisfy the requirements of clause (a) and clause (b); provided that Lessee shall deliver a paper copy of any item referred to in clause (a) and clause (b) above to Owner Trustee and Owner Participant if Owner Participant so requests.

6.1.3 Merger. Lessee shall not consolidate with or merge into any other Person, or convey, transfer or lease all or substantially all of its assets as an entirety to any Person, unless:

(a) the Person formed by such consolidation or into which Lessee is merged or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of Lessee as an entirety (the "**Successor**");

(i) if and to the extent required under Section 1110 in order that Lessor continues to be entitled to any benefits of Section 1110 with respect to the Aircraft, shall be a Certificated Air Carrier; and

(ii) shall execute and deliver to Owner Trustee and Owner Participant an agreement in form reasonably satisfactory to Owner Participant containing an assumption by such Successor of the due and punctual performance and observance of each covenant and condition to be performed or observed by Lessee of each of the Operative Documents to which Lessee is a party;

(b) immediately after giving effect to such transaction, no Event of Default caused by such transaction shall have occurred and be continuing; and

(c) Lessee shall have delivered to Owner Trustee and Owner Participant an officer's certificate and an opinion of counsel (which may be Lessee's General Counsel), each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement described in clause (a) above comply with this Section 6.1.3 and that all conditions precedent herein provided for relating to such transaction have been complied with (except that such opinion need not cover the matters referred to in clause (b) above and may rely, as to factual matters, on an officer's certificate of Lessee) and, in the case of such opinion, that such assumption agreement has been duly authorized, executed and delivered by the Successor, constitutes its legal, valid and binding obligation and is enforceable against the Successor in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity.

Upon any consolidation or merger, or any conveyance, transfer or lease of all or substantially all of the assets of Lessee as an entirety in accordance with this Section 6.1.3, the Successor shall succeed to, be substituted for, and may exercise every right and power of, and shall assume every obligation and liability of, Lessee under the Operative Documents with the same effect as if the Successor had been named as Lessee herein; and thereafter, Lessee shall be released and discharged from all obligations and covenants under the Operative Documents.

6.1.4 [****]

(a) [****]

(b) [****]

(c) [****]

(d) [****]

(e) [****]

6.2 Covenants of Owner Participant.

6.2.1 Owner Trustee Obligations. Owner Participant agrees that it will not direct Owner Trustee to take any action in violation of any agreement or undertaking of Owner Trustee in any of the Operative Documents.

6.2.2 Replacement of Owner Trustee. Owner Participant agrees not to remove the institution acting as Owner Trustee, and not to replace the institution acting as Owner Trustee in the event that such institution resigns as Owner Trustee, without in either case having obtained Lessee's prior written consent (such consent not to be unreasonably withheld); provided that Lessee's consent shall not be required if any Event of Default shall have occurred and be continuing. In any such event, a new Owner Trustee selected by Owner Participant which is a Citizen of the United States and, unless an Event of Default shall have occurred and be continuing, is acceptable to Lessee, shall be substituted for Owner Trustee; provided that Owner Participant shall not choose a replacement Owner Trustee which, in the good faith opinion of Lessee, may (or, if an Event of Default shall have occurred and be continuing, Owner Participant shall use its commercially reasonable efforts to select a replacement Owner Trustee which will not) result in additional liability to Lessee pursuant to Section 7.1, or 7.2, except in the case of a mandatory or voluntary resignation of Owner Trustee where Lessee has not proposed an alternative Owner Trustee that is reasonably satisfactory to Owner Participant.

6.2.3 Certain Payments. Owner Participant agrees to pay or cause Owner Trustee to pay all or any portion of [****] pursuant to Section 6.1.4(e) as and when specified in such Section.

6.2.4 Replacement Engines. Owner Participant agrees that, in the case of any Replacement Engine substituted pursuant to Section 8(d) of the Lease or any engine substituted pursuant to Section I of the Return Conditions, Owner Trustee is hereby authorized and directed to take the actions specified in Section 8(d) of the Lease or Section I of the Return Conditions, as applicable, with respect to such Replacement Engine or engine, as applicable.

6.3 Covenants of Owner Trustee and Trust Company.

6.3.1 FAA and International Registry Correspondence. Owner Trustee agrees to furnish to Lessee copies of (a) all periodic reports sent by it to the FAA (or to the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States) or the International Registry relating to the Aircraft, (b) all notices, certificates of aircraft registration and other documents and correspondence received by it from the FAA (or from the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States) or the International Registry relating to the Aircraft and (c) any other notices, assessments, affidavits, instruments or other documents relating to the Aircraft, the Trust Estate or Owner Trustee's ownership thereof in its possession after the date hereof.

6.3.2 Distribution of Funds. With respect to any amount stated in the Lease or any other Operative Document to be distributable by Trust Company or Owner Trustee to Lessee or Owner Participant, each of Trust Company and Owner Trustee, upon receipt thereof, agrees to distribute such amount (or cause such amount to be distributed) to Lessee or Owner Participant, as applicable, in accordance with the terms of the Lease or such other Operative Document.

6.3.3 Indebtedness and Other Business. Each of Trust Company and Owner Trustee agrees that Owner Trustee will not create, incur or assume any indebtedness for money borrowed, or enter into any business or other activity, except to the extent expressly provided in this Agreement or the other Operative Documents.

6.3.4 Trust Administration. Each of Owner Trustee and Trust Company agrees that it will perform all of its administrative duties under this Agreement and the other Operative Documents solely in the State of Utah or in such other location to which the situs of the Trust is moved in accordance with Section 6.4.9, except to the extent necessary to exercise any of its rights or remedies to the extent permitted by applicable laws in connection with an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

6.3.5 Banking Law Filing. Trust Company agrees to make any filing required to be made under Section 131.3 of the New York State Banking Law.

6.3.6 Funds Transfer Fees. Each of Owner Trustee and Trust Company agrees that it will not impose, directly or indirectly, any lifting charge, cable charge, remittance charge or any other charge or fee on any transfer by Lessee of funds to, through or by Owner Trustee and Trust Company pursuant to any Operative Document, except as may be otherwise agreed to in writing by Lessee (in which case such agreed charge or fee shall be for Lessee's account).

6.4 Other Covenants.

6.4.1 Lessor's Liens. Each of Owner Participant and Trust Company agrees that (a) it shall promptly, at its own cost and expense, take such action as may be necessary duly to discharge and satisfy in full any Lessor's Lien attributable to it if the same shall arise at any time (by bonding or otherwise, so long as Lessee's operation and use of the Aircraft is not impaired); provided that Owner Participant may, for a period of not more than 60 days, contest any such Lessor's Lien diligently and in good faith by appropriate proceedings so long as such contest does not involve any material risk of the sale, forfeiture or loss of or loss of use of the Airframe or any Engine or any material risk of criminal penalties or material civil penalties being imposed on Lessee, and (b) it shall indemnify and hold harmless the other parties hereto from and against any loss, cost, Tax, expense or damage (including reasonable legal fees and expenses) that may be suffered or incurred by any of them as a result of its failure to promptly discharge or satisfy in full any such Lessor's Lien.

6.4.2 Vesting of Title. Each of Owner Participant, Owner Trustee and Trust Company agrees that in each instance in which the Lease provides that title to the Aircraft, any Engine, engine, Part or Obsolete Part shall be transferred to or vest in Lessee, title to such Aircraft, Engine, engine, Part or Obsolete Part shall vest in Lessee, free and clear of all right, title and interest of such party, Lessor's Liens and Liens of the type described in Section 6(h) of the Lease, and each of Owner Participant, Owner Trustee and Trust Company shall do all acts necessary to discharge all such Liens and other rights held by it in such Aircraft, Engine, engine, Part or Obsolete Part.

6.4.3 Quiet Enjoyment. Each of Owner Participant, Owner Trustee and Trust Company agrees that, except as expressly permitted by Section 15 of the Lease following an Event of Default that has occurred and is continuing, notwithstanding anything herein or in any other Operative Document to the contrary, neither it nor any Person claiming by, through or under it shall (a) discharge the registration with the International Registry of the International Interests arising with respect to the Lease, (b) transfer the right to discharge any of such International Interests to any other Person or cause any such right to be so transferred (other than (i) in the case of any Back-Leveraging Transaction that complies with Section 8.3, to the applicable Back-Leveraging Party, or (ii) in connection with Section 8.1) or (c) take or cause to be taken any action inconsistent with Lessee's rights under the Lease and its right to quiet enjoyment of the Aircraft, the Airframe, any Engine or any Part, or otherwise in any way interfere with or interrupt the use, operation and continuing possession of the Aircraft, the Airframe, any Engine or any Part by Lessee or any sublessee, assignee or transferee under any sublease, assignment or transfer then in effect and permitted by the terms of the Lease.

6.4.4 Aircraft Registration. Each of Owner Participant, Owner Trustee and Trust Company agrees (a) to execute and deliver all documents and instruments required by the FAA from time to time or as Lessee reasonably requests for the purpose of effecting and continuing the United States registration of the Aircraft pursuant to Section 7(a) of the Lease, (b) to cooperate with Lessee, at Lessee's expense, in effecting and continuing any foreign re-registration of the Aircraft pursuant to Section 7(a) of the Lease and (c) to perform all action necessary or appropriate in order for Lessee to have temporary or permanent authority under applicable United States federal law to operate the Aircraft as contemplated by the Lease.

6.4.5 Interest in Certain Engines. Each of Owner Participant, Owner Trustee and Trust Company agrees, for the benefit of the lessor, conditional vendor or secured party of any airframe or any engine leased, purchased or owned by Lessee subject to a lease, conditional sale or other security agreement, that it will not acquire or claim, as against such lessor, conditional vendor or secured party, any right, title or interest in any engine or engines as the result of such engine or engines being installed on the Airframe at any time while such engine or engines are subject to such lease, conditional sale or other security agreement.

6.4.6 Compliance with Trust Agreement. Each of Owner Participant, Owner Trustee and Trust Company agrees (a) to comply with all of the terms of the Trust Agreement (as the same may hereafter be amended or supplemented from time to time in accordance with the terms thereof and clause (b) of this Section 6.4.6) applicable to it, (b) not to amend, supplement or otherwise modify any provision of the Trust Agreement without Lessee's prior written consent (such consent not to be unreasonably withheld) and (c) notwithstanding anything to the contrary contained in the Trust Agreement, not to terminate or revoke the Trust Agreement or the trusts created by the Trust Agreement without Lessee's prior written consent (such consent not to be unreasonably withheld).

6.4.7 Warranties. Each of Owner Participant, Owner Trustee and Trust Company agrees that, so long as no Event of Default shall have occurred and be continuing, Lessee shall, throughout the Term, have the benefit of and shall be entitled to enforce, either in its own name or in the name of Owner Trustee for the use and benefit of Lessee, any and all warranties of any Person (whether express or implied) in respect of the Aircraft, the Airframe, any Engine or any Part, and each of Owner Participant, Owner Trustee and Trust Company agrees to execute and deliver such further documents and take such further action, as may be reasonably requested by Lessee and at Lessee's cost and expense, as may be necessary to enable Lessee to obtain such warranty service or the benefits of any such warranty as may be furnished for the Aircraft, Airframe, any Engine or any Part by such Person. Each of Owner Participant, Owner Trustee and Trust Company hereby appoints and constitutes Lessee, for the duration of the Term except at such times as an Event of Default shall have occurred and be continuing, its agent and attorney-in-fact during the Term to assert and enforce, from time to time, in the name and for the account of Owner Trustee and Lessee, as their interests may appear, but in all cases at the cost and expense of Lessee, whatever claims and rights any of them may have against such Person.

6.4.8 Bankruptcy of Trust Estate. Each of Owner Participant, Trust Company and Owner Trustee agrees that it shall not commence or join in any action to subject the Trust Estate or the trust established by the Trust Agreement, as debtor, to the reorganization or liquidation provisions of the Bankruptcy Code or any other applicable bankruptcy or insolvency statute.

6.4.9 Change in Situs of Trust. Each of Owner Participant, Trust Company and Owner Trustee agrees that if, at any time, Lessee (a) certifies that Lessee has, or in its good faith opinion will, become obligated to pay an amount pursuant to Section 7.2, and such amount would be reduced or eliminated if the situs of the Trust were changed and (b) requests that the situs of the Trust be moved to another state in the United States from the state in which it is then located, Owner Participant shall direct such change in situs as may be specified in writing by

Lessee, and Owner Participant and Owner Trustee shall take whatever action as may be reasonably necessary to accomplish such change. All reasonable out-of-pocket fees and expenses of Owner Participant, Trust Company and Owner Trustee incurred in connection with such a change in situs shall be borne by Lessee. Notwithstanding anything to the contrary contained herein or in any other Operative Document, Owner Participant and Owner Trustee will not consent to or direct a change in the situs of the Trust without the prior written consent of Lessee; provided that such consent of Lessee shall not be required for any such change in situs in connection with an exercise of remedies pursuant to Section 15 of the Lease.

6.4.10 Insurance. Each of Owner Participant, Owner Trustee and Trust Company agrees not to obtain or maintain insurance for its own account if such insurance would limit or otherwise adversely affect the coverage or amounts payable under, or increase the premiums for, any insurance required to be maintained pursuant to Section 11 of the Lease or any other insurance maintained by Lessee.

6.4.11 Stamp Tax. Owner Participant shall pay any stamp, documentation or similar Tax imposed or levied upon or in respect of its execution or delivery of this Agreement or any other Operative Document by any jurisdiction outside the United States in which it (a) is organized, (b) has its principal office or an office through which it is acting hereunder or (c) executes or delivers any such document.

6.5 Filings.

6.5.1 FAA Filings. On the Delivery Date, Lessee and Owner Trustee will cause the FAA Bill of Sale, the Application for Aircraft Registration, the Lease and Lease Supplement No. 1 to be promptly filed and recorded, or filed for recording, with the FAA to the extent permitted under the Transportation Code or required under any other applicable United States law, in the following order: first, the FAA Bill of Sale; second, the Application for Aircraft Registration; and third, the Lease, to be effected by so filing the Lease with Lease Supplement No. 1 attached thereto.

6.5.2 International Registry Filings. On or promptly after the Delivery Date, Lessee and Owner Trustee will cause the registration of the following to be effected on the International Registry in accordance with the Cape Town Treaty in the following order: first, the Sale of the Airframe and Engines from Manufacturer to Owner Trustee; and second, the International Interests created under the Lease (as supplemented by Lease Supplement No. 1). Lessee and Owner Trustee each shall also, as and to the extent applicable, consent to such registrations upon the issuance of a request for such consent by the International Registry.

Section 7. Indemnification and Expenses.

7.1 General Indemnity.

7.1.1 Claims Indemnified. Subject to Section 7.1.2, if the Closing occurs, Lessee agrees to indemnify and hold harmless each Indemnified Person on an After-Tax Basis against any and all Claims imposed on, incurred by or asserted against such Indemnified Person resulting from or arising out of (a) Lessee's use, possession and operation of the Aircraft, including the control, delivery, redelivery, location, pooling, maintenance, repair, substitution,

replacement, registration, re-registration, sublease, storage, modification, alteration, return, transfer or other disposition of the Aircraft, the Airframe, any Engine or any Part (including, without limitation, with respect thereto, any such Claim for any death or injury to passengers or others, any such Claim for any damage to the environment, and any such Claim for patent, trademark or copyright infringement) and (b) any incorrectness of any representations or warranties of Lessee contained in any Operative Document, or any failure by Lessee to perform or observe any covenant, agreement or other obligation to be performed or observed by Lessee under the Lease and the other Operative Documents.

7.1.2 Claims Excluded. Lessee shall have no obligation to indemnify and hold harmless any Indemnified Person under Section 7.1 (or otherwise under the Operative Documents) with respect to Claims described in any one or more of the following subsections:

- (a) Any Claim to the extent attributable to acts or events occurring after the earlier of (i) the return of the Aircraft to Lessor pursuant to Section 5 of the Lease and (ii) the expiration or earlier termination of the Lease except to the extent such Claim arises pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;
- (b) Any Claim that is or is attributable to a Tax (including any Tax benefits), whether or not Lessee is required to indemnify therefor under Section 7.2, it being agreed that Section 7.2 sets forth Lessee's entire liability with respect to Taxes, other than Taxes taken into account in order to make an indemnity payment under this Section 7.1 on an After-Tax Basis;
- (c) Any Claim to the extent attributable to the gross negligence or willful misconduct of any Indemnified Person (other than the gross negligence or willful misconduct imputed as a matter of law to any Indemnified Person solely by reason of its interest in the Aircraft);
- (d) Any Claim to the extent attributable to the failure by any Indemnified Person to perform or observe any covenant, agreement or other obligation to be performed or observed by it under, or any incorrectness of any representations or warranties of any Indemnified Person contained in, the Lease or any other Operative Document or any agreement relating hereto or thereto to which any such Indemnified Person is a party;
- (e) Any Claim that constitutes a Permitted Lien;
- (f) Any Claim to the extent attributable to the Transfer (voluntary or involuntary) (i) by any Indemnified Person of any interest in the Aircraft, the Airframe, any Engine, any Part, the Trust Estate, Rent or any interest arising under any Operative Document, or any similar interest or security, in each case other than such a Transfer pursuant to the Return Conditions or Section 8 or 10 of the Lease or pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing, or (ii) of any interest (direct or indirect) in any Indemnified Person;
- (g) Any Claim to the extent attributable to a failure on the part of Owner Trustee to distribute in accordance with the Operative Documents any amounts received and distributable by it thereunder;

- (h) Any Claim to the extent relating to any cost, fee, expense or other payment obligation (i) that is payable or borne by (A) Lessee pursuant to any expense, indemnification, compensation or reimbursement provision of any Operative Document other than this Section 7.1 or (B) a Person other than Lessee pursuant to any provision of any Operative Document or (ii) that such Indemnified Person expressly agrees shall not be payable or borne by Lessee;
- (i) Any Claim to the extent that it is an ordinary and usual operating or overhead expense;
- (j) Any Claim resulting from a violation of ERISA or a “prohibited transaction” under Section 4975 of the Code;
- (k) Any Claim that would not have arisen but for the authorization, giving or withholding of any future amendments, supplements, waivers or consents with respect to any Operative Document, other than such (i) as are requested in writing by Lessee, or (ii) that occur as a result of the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;
- (l) Any Claim that would not have arisen but for any indebtedness, head lease, swap, hedge, or other financing (other than the Lease) arrangements of any Indemnified Person relating to the Aircraft, the Airframe, any Engine, any Part, Rent or any Operative Document; provided that, in the case of any such Claim against any Back-Leveraging Indemnified Person, such Claim shall only be excluded by this subsection (l) to the extent that the nature of such Claim is different than it would have been had such Back-Leveraging Indemnified Person (i) been Lessor or Owner Participant or an officer, director, servant, agent, successor and permitted assign of Lessor or Owner Participant, as applicable, and (ii) entered into the Operative Documents but not the other documents relating to the applicable Back-Leveraging Transaction;
- (m) Any Claim that would not have arisen but for the failure of Trust Company, Owner Trustee or Owner Participant to be a Citizen of the United States; and
- (n) Any Claim that is attributable to or relates to any broker’s fee, commission or finder’s fee in connection with any transaction contemplated by the Operative Documents (other than such fees of Lessee’s lease advisor, SkyWorks Capital, LLC).

7.1.3 Indemnified Person. All rights (including, without limitation, the right to receive any indemnity payment under this Section 7.1) of an Indemnified Person and any member of such Indemnified Person’s Related Indemnitee Group shall be exercised solely by an Indemnified Person who is a party to this Agreement or a Back-Leveraging Indemnified Person who is a party to a Lessee Consent and is bound by an agreement, for the benefit of Lessee, described in Section 8.3.2(a)(ii). If any Indemnified Person fails to comply with this Section 7.1, such Indemnified Person shall not be entitled to indemnity under this Section 7.1 with respect to any Claim to the extent (but only to the extent) that Lessee shall have been prejudiced by such failure and that such failure is not the result of or otherwise attributable to the failure of Lessee to comply with any of its duties or obligations under this Section 7.1.

7.1.4 Insured Claims. If any Claim indemnified by Lessee is covered by a policy of insurance maintained by Lessee pursuant to Section 11 of the Lease, each Indemnified Person agrees to cooperate, at Lessee's expense, with the insurers in the exercise of their rights to investigate, defend or compromise such Claim as may be required to retain the benefits of such insurance with respect to such Claim.

7.1.5 Claims Procedure. An Indemnified Person shall promptly notify Lessee of any Claim as to which indemnification is sought. Any amount payable by Lessee to any Indemnified Person pursuant to this Section 7.1 shall be paid within 30 days after receipt of a written demand therefor from such Indemnified Person accompanied by a written statement describing in reasonable detail the Claim which is the subject of and basis for such indemnity and the computation of the amount so payable.

Subject to the rights of insurers under policies of insurance maintained by Lessee, Lessee shall have the right to investigate, and the right in its sole discretion to defend or compromise, any Claim for which indemnification is sought under this Section 7.1, and each Indemnified Person shall cooperate with all reasonable requests of Lessee in connection therewith; provided that Lessee shall reimburse such Indemnified Person for all reasonable costs and expenses incurred by it in connection therewith. No Indemnified Person shall enter into a settlement or other compromise with respect to any Claim without the prior written consent of Lessee, unless such Indemnified Person waives its right and the rights of its Related Indemnitee Group to be indemnified with respect to such Claim. Where Lessee or the insurers under a policy of insurance maintained by Lessee undertake the defense of an Indemnified Person with respect to a Claim, no additional legal fees or expenses of such Indemnified Person in connection with the defense of such Claim shall be indemnified hereunder unless such fees or expenses were incurred at the request of Lessee or such insurers; provided, however, that, if in the written opinion (a "**Conflict Opinion**") of counsel to such Indemnified Person an actual or potential material conflict of interest exists where it is advisable for such Indemnified Person to be represented by separate counsel, the reasonable fees and expenses of such separate counsel shall be borne by Lessee. Subject to the requirements of any policy of insurance maintained by Lessee, an Indemnified Person may participate at its own expense in any judicial proceeding controlled by Lessee pursuant to the preceding provisions; provided that such party's participation does not, in the opinion of the independent counsel appointed by Lessee or its insurers to conduct such proceedings, interfere with such control; and such participation shall not constitute a waiver of the indemnification provided in this Section 7.1. Notwithstanding anything to the contrary contained herein, Lessee shall not under any circumstances be liable for the fees and expenses of more than one counsel for all Indemnified Persons except in the case of a delivery to Lessee of a Conflict Opinion with respect to each Indemnified Person seeking to be represented by separate counsel.

7.1.6 Subrogation. To the extent that a Claim indemnified by Lessee under this Section 7.1 is in fact paid in full by Lessee and/or an insurer under a policy of insurance maintained by Lessee, Lessee and/or such insurer, as the case may be, shall, without any further action, be subrogated to the rights and remedies of the Indemnified Person on whose behalf such Claim was paid (other than rights and remedies of such Indemnified Person under insurance policies maintained at its own expense) with respect to the transaction or event giving rise to such Claim. Such Indemnified Person shall give such further assurances or agreements and shall

cooperate with Lessee or such insurer, as the case may be, to permit Lessee or such insurer to pursue such rights and remedies, if any, to the extent reasonably requested by Lessee and at Lessee's expense. Should an Indemnified Person receive any payment from any party other than Lessee or its insurers, in whole or in part, with respect to any Claim paid in full by Lessee or its insurers hereunder, such Indemnified Person shall promptly pay the amount so received (but not an amount in excess of the amount Lessee or any of its insurers has paid in respect of such Claim) over to Lessee.

7.1.7 No Guaranty. Notwithstanding anything to the contrary contained in the Lease or in any other Operative Document, Lessee shall not have any responsibility for, or incur any liabilities as a result of, any residual value guaranty, deficiency guaranty or similar agreement in connection with the Aircraft, the Airframe, any Engine or any Part. In addition, nothing set forth in this Section 7.1 shall constitute a guarantee by Lessee that the Aircraft shall have any particular value, useful life or residual value.

7.2 General Tax Indemnity.

7.2.1 Taxes Indemnified. Subject to Section 7.2.2, if the Closing occurs, Lessee agrees to indemnify and hold harmless each Tax Indemnitee on an After-Tax Basis against any and all Taxes imposed on any Tax Indemnitee, Lessee, the Aircraft, the Airframe, any Engine or any Part upon or with respect to (a) the Aircraft, the Airframe, any Engine or any Part, (b) the lease, possession, operation, use, non-use, control, purchase, sale, delivery, redelivery, location, pooling, maintenance, repair, substitution, replacement, registration, re-registration, purchase, sale, sublease, storage, modification, alteration, return, transfer or other disposition of the Aircraft, the Airframe, any Engine or any Part, (c) any Basic Rent or Supplemental Rent payable by or on behalf of Lessee, (d) any incorrectness of any representations or warranties of Lessee contained in any Operative Document, or any failure of Lessee to perform or observe any covenant, agreement or other obligation to be performed or observed by Lessee, under the Lease or any Operative Document or (e) the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing.

7.2.2 Taxes Excluded from Indemnity. Lessee shall have no obligation to indemnify and hold harmless any Tax Indemnitee under Section 7.2 (or otherwise under the Operative Documents) with respect to Taxes described in any one or more of the following subsections; provided that subsections (a) and (e) below shall not apply in determining the additional amount necessary to make any payment on an After-Tax Basis:

(a) Taxes imposed by any government or taxing authority on, based on, measured by or with respect to capital, net worth, retained earnings, gross or net income or gross or net receipts or proceeds or that are doing business, franchise, minimum or withholding Taxes; provided that this subsection (a) shall not apply to (i) any such Taxes imposed by any government or taxing authority located outside the United States to the extent such Taxes would have been imposed had the sole connection between the Tax Indemnitee and such government or taxing authority been (A) the location, use, operation or presence of the Aircraft, the Airframe, any Engine or any Part in such jurisdiction, (B) the presence or activity of Lessee or any Permitted Sublessee or any Affiliate of either in such jurisdiction or (C) Lessee's (or another Person on its behalf) making a payment from or through such jurisdiction or (ii) any sales, use, goods and services, license, value added or property Taxes, or Taxes of a similar nature, imposed by any government or taxing authority;

(b) Taxes that would not have been imposed but for (i) any Lessor's Lien, (ii) the gross negligence or willful misconduct of any Tax Indemnitee (other than gross negligence or willful misconduct imputed as a matter of law to such Tax Indemnitee solely by reason of its interest in the Aircraft), (iii) the breach or inaccuracy of any representation, warranty or covenant of any Tax Indemnitee contained in any Operative Document (unless attributable to the breach by Lessee of any representation, warranty or covenant of Lessee contained in any Operative Document), or (iv) a failure of any Tax Indemnitee to comply with any certification, information, documentation, reporting or other similar requirement, if such compliance is necessary or appropriate to claim any relief from such Taxes for which such Tax Indemnitee was eligible, unless such failure is due to the failure of Lessee to comply with its obligations under Section 7.2.5 below;

(c) Taxes imposed on or with respect to a Transfer (voluntary or involuntary) (i) by a Tax Indemnitee of any interest in the Aircraft, the Airframe, any Engine, any Part, the Trust Estate, Rent or any interest arising under any Operative Document or (ii) of any interest (direct or indirect) in a Tax Indemnitee, in each case other than a Transfer pursuant to the Return Conditions or Section 8 or 10 of the Lease or pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(d) Taxes to the extent imposed with respect to any period commencing after the earlier of (i) the return of the Aircraft to Lessor pursuant to Section 5 of the Lease and (ii) the expiration or earlier termination of the Lease; provided that there shall not be excluded by this subsection (d) any Taxes to the extent (x) attributable to events occurring or matters arising prior to or simultaneously with the earlier of such times, (y) imposed with respect to any payment by Lessee under the Operative Documents after such date or (z) arising pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(e) Taxes imposed by any government or taxing authority to the extent such Taxes would not have been imposed but for a connection between any Tax Indemnitee or any Affiliate thereof and such government or taxing authority unrelated to the transactions contemplated by the Operative Documents;

(f) Taxes to the extent such Taxes would not have been imposed but for an amendment or waiver with respect to any Operative Document, unless such amendment or waiver is (i) requested in writing by Lessee or (ii) made as a result of the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(g) value added Taxes imposed in lieu of a net income Tax by the United States or any state or local government or taxing authority thereof or therein;

- (h) Taxes resulting from a violation of ERISA or a “prohibited transaction” under Section 4975 of the Code;
- (i) Taxes on, based on, measured by or with respect to any consideration payable for services rendered by Trust Company as owner trustee;
- (j) Taxes that would not have been imposed but for any indebtedness, head lease, swap, hedge or other financing (other than the Lease) arrangements of any Tax Indemnitee relating to the Aircraft, the Airframe, any Engine, any Part, Rent or any Operative Document; provided that, for the avoidance of doubt, Taxes imposed on a Back-Leveraging Indemnified Person, if any, that has been added as a Tax Indemnitee in a Lessee Consent shall not be treated as described in this clause (j) to the extent that such Taxes would have been imposed on another Tax Indemnitee and would have been subject to indemnification by Lessee under this Section 7 had there been no such indebtedness, head lease, swap, hedge or other financing (other than the Lease) arrangements;
- (k) Taxes in excess of the Taxes that would have been imposed and indemnified against by Lessee hereunder had there not been a Transfer (voluntary or involuntary) (i) by a Tax Indemnitee of any interest in the Aircraft, the Airframe, any Engine, any Part, the Trust Estate, Rent or any interest arising under any Operative Document or (ii) of any interest (direct or indirect) in a Tax Indemnitee, in each case other than a Transfer pursuant to the Return Conditions or Section 8 or 10 of the Lease or pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;
- (l) withholding Taxes imposed by the U.S. federal government that would not have been imposed but for a Tax Indemnitee or any Person holding a direct or indirect interest in the Tax Indemnitee being other than a “United States person” within the meaning of Section 7701(a)(30) of the Code; or
- (m) Taxes payable by Owner Participant under Section 6.4.11 of this Agreement.

7.2.3 Payment. Lessee shall pay any Tax for which it is liable pursuant to this Section 7.2 directly to the appropriate taxing authority, if allowable, or, if not so allowable, directly to the relevant Tax Indemnitee. Any amount payable directly to any Tax Indemnitee pursuant to this Section 7.2 shall be paid to such Tax Indemnitee on or prior to the later of (a) 30 days after receipt by Lessee of a written demand therefor from such Tax Indemnitee accompanied by a written statement describing in reasonable detail the Taxes that are the subject of such indemnity and the computation of the amount so payable, (b) one Business Day prior to the due date for the payment of such Taxes (including all extensions) or (c) in the case of amounts that are being contested in accordance with Section 7.2.4, the time such contest (including all appeals, if any) is finally resolved; provided that Lessee shall pay any amounts due pursuant to Section 7.2.4 at the time or times required by such Section. If requested by a Tax Indemnitee in writing, Lessee shall furnish to such Tax Indemnitee the original or a certified copy of a receipt (if any is reasonably available to Lessee) for Lessee’s payment of any Tax directly to a taxing authority pursuant to this Section 7.2 or such other evidence of such payment

by Lessee as is reasonably acceptable to such Tax Indemnitee and reasonably available to Lessee. If, for any reason, Lessee makes any payment with respect to any Taxes of any Tax Indemnitee that are not the responsibility of Lessee with respect to such Tax Indemnitee under this Section 7, such Tax Indemnitee shall pay to Lessee, within 30 days of Lessee's demand therefor, an amount equal to the amount paid by Lessee with respect to such Taxes.

7.2.4 Contests; Refunds.

If a written claim is made against any Tax Indemnitee for any Tax for which Lessee may be obligated pursuant to this Section 7.2, such Tax Indemnitee shall promptly notify Lessee in writing of such claim. If requested by Lessee in writing, Lessee shall, subject to the conditions set forth in the next paragraph, be entitled at its sole expense to contest such Tax in the name of the relevant Tax Indemnitee or of Lessee through appropriate administrative and judicial proceedings (including pursuing all judicial appeals); provided that (a) no Event of Default under Section 14(a), (b), (f), (g), (h) or (i) of the Lease shall have occurred and be continuing, (b) if such contest shall be conducted in a manner requiring the payment of the Tax, Lessee shall advance to or for the benefit of such Tax Indemnitee (on an interest-free basis) the amount of such payment and shall agree to indemnify such Tax Indemnitee against any adverse tax consequences to such Tax Indemnitee resulting from such interest-free loan and (c) the action to be taken will not result in any material danger of forfeiture, sale or loss of the Aircraft, the Airframe or any Engine (unless Lessee shall have provided to Owner Trustee a bond or other sufficient protection against such risk reasonably acceptable to Owner Trustee) or any material risk of the imposition of criminal penalties. In any contest under this Section 7.2.4 conducted by Lessee, Lessee shall determine the forum and manner in which such contest shall be conducted and, upon the written request of the relevant Tax Indemnitee, shall advise such Tax Indemnitee of the status of such contest, and each Tax Indemnitee shall take reasonable steps to cooperate with Lessee, at Lessee's request and expense, in connection with such contest.

Lessee shall not be permitted to conduct such a contest in its name or in the name of the relevant Tax Indemnitee (and instead a Tax Indemnitee, at Lessee's request, shall contest in its own name as provided in the next paragraph) if (x) an Event of Default under Section 14(a), (b), (f), (g), (h) or (i) of the Lease shall have occurred and be continuing or (y) such contest involves issues for which Lessee is not obligated under this Section 7.2 that can not be severed by reasonable efforts of the Tax Indemnitee from all issues for which Lessee might be so obligated.

If requested by Lessee in writing, and if Lessee is not itself contesting a claim under this Section 7.2.4, the relevant Tax Indemnitee shall contest, diligently and in good faith, in the name of such Tax Indemnitee the validity, applicability and amount of the relevant Tax by (I) resisting payment thereof, (II) not paying the same except under protest, if protest be necessary or proper, or (III) if payment be made, using reasonable efforts to promptly obtain a refund thereof in appropriate administrative and judicial proceedings; provided that (1) Lessee shall have agreed to pay such Tax Indemnitee on demand all reasonable out-of-pocket costs and expenses which such Tax Indemnitee may incur in connection with contesting such claim, including, without limitation, all reasonable legal, accountants' and investigatory fees and disbursements, (2) if such contest shall be conducted in a manner requiring the payment of the Tax, Lessee shall advance to such Tax Indemnitee (on an interest-free basis) the amount of such payment and shall agree to indemnify such Tax Indemnitee against any adverse tax consequences to such Tax Indemnitee

resulting from such interest-free loan, (3) the action to be taken will not result in any material danger of forfeiture, sale or loss of the Aircraft, the Airframe or any Engine or Part (unless Lessee shall have provided to Owner Trustee a bond or other sufficient protection against such risk reasonably acceptable to Owner Trustee) and (4) if an Event of Default shall have occurred and be continuing, Lessee shall have provided security for its related tax indemnity obligation reasonably acceptable to such Tax Indemnatee. In any contest under this Section 7.2.4 conducted by a Tax Indemnatee, such Tax Indemnatee shall determine the forum for such contest and the manner in which it shall be conducted; provided that such Tax Indemnatee shall consult in good faith with Lessee and its counsel, and provide to Lessee and its counsel any communications to or from the relevant taxing authority or administrative or judicial body, with respect to the issues for which Lessee may be obligated under this Section 7.2.

If a refund (whether in cash or in any other form) shall be obtained by or for any Tax Indemnatee of all or part of any Tax paid by Lessee or for which Lessee shall have made an advance to, or reimbursed, such Tax Indemnatee, such Tax Indemnatee shall promptly pay Lessee an amount equal to the amount of such refund (which shall reduce the amount of any interest-free loan previously made by Lessee under this Section 7.2.4), together with any interest received on such refund attributable to such Tax that is properly attributable to the period subsequent to such payment or reimbursement by Lessee, reduced by any Taxes payable by such Tax Indemnatee as a result of the receipt or accrual of such refund and interest, and increased by any Tax benefit realized by such Tax Indemnatee as a result of any payment by such Tax Indemnatee pursuant to this sentence; provided that the subsequent loss of a refund for which payment has been made to Lessee under this paragraph shall be treated as an indemnifiable Tax hereunder without regard to the exclusions set forth in Section 7.2.2.

If, without the consent of Lessee, a Tax Indemnatee elects not to, or fails to, contest or cooperate in the contest of any Tax as required in accordance with this Section 7.2.4, or elects to settle, compromise or otherwise terminate any such contest, such election or failure shall constitute a waiver by each Tax Indemnatee of any right to any amount that might otherwise be payable by Lessee pursuant to this Section 7.2 with respect to such Tax (and any other Tax for which a successful contest is materially adversely affected because of such election or failure), other than any expenses of the contest, and, if Lessee has theretofore provided such Tax Indemnatee with an interest-free loan to pay such amount, such Tax Indemnatee shall promptly repay an amount which, after subtraction of any further net savings of Taxes actually realized by such Tax Indemnatee as a result of such repayment, shall be equal to the amount of such interest-free loan, together with interest on the amount of such loan from the date such loan was made to the date of repayment pursuant to this sentence at the rate that would have been paid by the relevant taxing authority had such contest resulted in a refund.

7.2.5 Reports and Returns; Information; Forms. If any report or return is required to be filed with respect to a Tax subject to indemnification by Lessee under this Section 7.2, Lessee shall timely file such report or return in its own name if it is permitted by applicable law to do so (unless Lessee has been notified by the relevant Tax Indemnatee that such Tax Indemnatee intends to file such report or return), showing ownership of the Aircraft in Owner Trustee. If requested by the relevant Tax Indemnatee, Lessee shall send a copy of such report or return to such Tax Indemnatee. If Lessee is not permitted by applicable Law to file any such report or return in its own name, or has insufficient information to do so, Lessee shall, upon

obtaining actual knowledge of such requirement, promptly notify the relevant Tax Indemnitee of such requirement and, to the extent it is able to do so, prepare and deliver to such Tax Indemnitee a proposed form of such report or return. Lessee shall furnish to each Tax Indemnitee, and each Tax Indemnitee shall furnish to Lessee, upon the written request of such Tax Indemnitee or Lessee, as the case may be, such data in its possession or otherwise reasonably available to it as may be reasonably requested to enable Lessee or such Tax Indemnitee, as the case may be, as is reasonably necessary to file any such returns or reports and to otherwise comply with the requirements of any taxing authority with respect to the transactions contemplated by the Lease.

Each Tax Indemnitee agrees to furnish from time to time to or as directed by Lessee, upon Lessee's written request and at Lessee's expense, such duly executed and properly completed forms, statements or certificates as may be necessary or appropriate in order to claim any available reduction of any Tax for which Lessee may be obligated under this Section 7.2 or to comply with the requirements of any taxing authority with respect to the transactions contemplated by the Lease; provided that Lessee shall have furnished such Tax Indemnitee with any information necessary to complete such form, statement or certificate that is not otherwise reasonably available to such Tax Indemnitee. If any form, statement or certificate provided by Owner Participant or another Tax Indemnitee to Lessee pursuant to any Operative Document becomes obsolete or incorrect, such Person shall promptly notify Lessee.

7.3 Survival; Other.

7.3.1 Survival. The indemnities and other obligations of Lessee (subject to Sections 7.1.2(a) and 7.2.2(d)), and the obligations of each Indemnified Person and Tax Indemnitee, under Sections 7.1, 7.2 and 7.3 shall survive the expiration or other termination of the Operative Documents.

7.3.2 Tax Savings. If, by reason of any Claims or Taxes paid or indemnified against by Lessee pursuant to Section 7.1 or 7.2, any Indemnified Person or Tax Indemnitee at any time realizes a net reduction in any Taxes not indemnified against by Lessee and not taken into account previously in computing the amount of any indemnity payable by Lessee under Section 7.1 or 7.2, such Indemnified Person or Tax Indemnitee shall promptly pay to Lessee an amount that, after subtraction of any further Tax savings such Indemnified Person or Tax Indemnitee realizes as a result of the payment thereof, is equal to the amount of such net Tax reduction; provided that any subsequent loss of a Tax benefit for which a payment has been made to Lessee under this Section 7.3.2 (or which was taken into account previously in computing an amount payable by Lessee under Section 7.2) shall be treated as an indemnifiable Tax hereunder without regard to the exclusions set forth in Section 7.2.2. Each Indemnified Person and each Tax Indemnitee shall in good faith use diligence in filing tax returns and in dealing with taxing authorities to seek and claim any Tax benefit that would result in such a reduction in Taxes and to minimize the Taxes indemnifiable by Lessee hereunder.

7.3.3 Non-Parties. If an Indemnified Person or Tax Indemnitee is not a party to this Agreement, Lessee may require such Indemnified Person or Tax Indemnitee to agree in writing, in a form reasonably acceptable to Lessee, to the terms of Section 7.1 or 7.2, as the case may be, and this Section 7.3, prior to making any payments to such Indemnified Person or Tax Indemnitee under Section 7.1 or 7.2, as the case may be.

7.3.4 Application of Payments During Event of Default. If, at the time an amount would otherwise be payable to Lessee under Section 7.1, 7.2 or 7.3.2, an Event of Default shall have occurred and be continuing, such amount shall be held by the relevant Indemnified Person or Tax Indemnitee as security for the obligations of Lessee under the Operative Documents. At such time as no Event of Default is continuing, such amount shall be paid to Lessee.

7.3.5 Verification. At the request of Lessee, any computation by an Indemnified Person or a Tax Indemnitee of any amount payable by or to Lessee pursuant to Section 7.1, 7.2 or 7.3.2 shall be verified and certified by a nationally recognized firm of independent accountants selected by the Indemnified Person or Tax Indemnitee, as the case may be, and reasonably acceptable to Lessee. In the event such accounting firm shall determine that the computation of any such amount is incorrect, it shall determine what it believes to be the correct amount, and, absent *prima facie* error, such determination shall be binding upon the parties. Such Indemnified Person or Tax Indemnitee, as the case may be, shall cooperate with such accounting firm and provide it with such information as is reasonably necessary for such verification and certification; provided that such accounting firm shall have entered into a confidentiality agreement reasonably satisfactory to such Indemnified Person or Tax Indemnitee. If Lessee or such Indemnified Person or Tax Indemnitee, as the case may be, has paid any amount under Section 7.1, 7.2 or 7.3.2 prior to such accounting firm's completion of its review, appropriate adjustments will be made promptly after such completion to take into account the determination by such firm. The costs of any such verification and certification shall be borne by Lessee unless such accounting firm determines that any amount payable (a) by Lessee to such Indemnified Person or Tax Indemnitee, as the case may be, is less than 95% of the amount determined by such Indemnified Person or Tax Indemnitee to be so payable or (b) by such Indemnified Person or Tax Indemnitee, as the case may be, to Lessee is greater than the amount determined by such Indemnified Person or Tax Indemnitee to be so payable by at least 5%, in either of which cases the cost of such verification and certification shall be paid by such Indemnified Person or Tax Indemnitee. Notwithstanding anything to the contrary in the foregoing or elsewhere in the Operative Documents, neither Lessee, nor any other Person (other than the independent accountants referred to above), shall have any right to inspect an Indemnified Person's or a Tax Indemnitee's Tax returns, books or records.

7.3.6 Withholding Agent. Owner Trustee hereby agrees to act as the U.S. federal withholding Tax agent in respect of Rent and all other amounts payable to it, or distributable by it for or on account of Owner Participant under the Operative Documents, and to be responsible for preparing and filing IRS Forms 1042 and 1042-S (or any similar or successor forms), as well as any other governmental filings and information requirements in connection therewith, and making deposits of U.S. federal withholding Taxes (if any), in accordance with U.S. federal Tax Laws.

7.4 Expenses. Except as otherwise provided in this Section 7.4, each of Lessee and Owner Participant will be responsible for its own costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of the Operative Documents. Lessee agrees promptly to pay (a) all the reasonable out-of-pocket costs and expenses incurred by Trust Company in connection with the negotiation, preparation, execution and delivery of the Operative Documents (including, without limitation, the reasonable fees, expenses and

disbursements of [Ray, Quinney & Nebeker P.C.,] special counsel for Trust Company); and (b) the reasonable fees, expenses and disbursements of Aviation Counsel in connection with the negotiation, preparation, execution and delivery of the Operative Documents. Lessee also agrees to pay all costs and expenses imposed by the FAA, the International Registry and the State of Delaware in connection with the registrations and filings described in Section 5.1.7. Lessee agrees to pay the initial and on-going fees of Trust Company in connection with the transactions contemplated hereby during the Term of the Lease.

Section 8. Assignment or Transfer of Interests.

8.1 Owner Trustee. Except as expressly provided in the Operative Documents, Owner Trustee shall not, directly or indirectly, Transfer any of its right, title or interest in and to the Aircraft, any of the Operative Documents, the Trust Estate or any proceeds therefrom without the prior written consent of Lessee; provided that such consent shall not be required for a Transfer pursuant to the exercise of remedies by Owner Trustee under and in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing, [****]:

- (i) [****]
- (ii) [****]
- (iii) there shall be a [****]
- (iv) the [****] shall not violate the Transportation Code, the Securities Act or any other Law (including, without limitation, ERISA, any laws or regulations imposing U.S. economic sanctions measures or any orders or licenses issued thereunder), or create a relationship that would be in violation thereof, and [****] shall not result in a “prohibited transaction” under Section 4975 of the Code;
- (v) Owner Trustee shall cause any and all documents Lessee may request for the [****]
- (vi) [****]
- (vii) [****]
- (viii) Lessee shall have received from each of [****]
- (ix) as a precondition to any such [****], Owner Participant shall pay all reasonable expenses of Lessee, Trust Company, Owner Trustee and Owner Participant Guarantor, if any (including reasonable legal fees and expenses), in connection with the [****];
- (x) with respect to any fees of Trust Company [****], Lessee shall not be obligated to pay any amount [****]

(xi) none of Lessee's obligations, responsibilities, liabilities, costs and risks in the use and operation of the Aircraft or under, relating to or in respect of the Operative Documents or otherwise, including, without limitation, under or in respect of any of Lessee's payment or indemnity obligations, shall be increased or altered, and none of Lessee's rights and benefits under any Operative Document shall be diminished, as a result of or in connection any [****]; and

(xii) in no event shall there be permitted hereunder more than [****]

8.2 Owner Participant.

(a) **Owner Participant Transfer Requirements.** Owner Participant shall not directly or indirectly Transfer any of its right, title or interest in and to all or any part of this Agreement, any of the other Operative Documents or the Trust Estate, except that Owner Participant may Transfer all (but not less than all) of its right, title and interest therein to a single bank, lending institution, leasing company, other financial institution, corporation, limited partnership, statutory trust, limited liability company or special purpose entity if, as preconditions to such Transfer:

(i) (A) the Person to whom such Transfer is made (the "**Transferee**") either is a Citizen of the United States or qualifies as a Citizen of the United States through a voting trust agreement, voting powers agreement or similar arrangement (including, without limitation, provisions delegating certain control rights to the Owner Trustee) by the Transferee or any Affiliate thereof, but in each case without reliance on any rule that would restrict in any way the use and operation of the Aircraft, and has the requisite power, authority and legal right to enter into and carry out the transactions contemplated by the Operative Documents; (B) unless Lessee consents, the Transferee is not an airline or other commercial operator of aircraft, freight forwarder, or any other company directly or indirectly engaged in the business of passenger, cargo, freight or parcel transportation or any Affiliate of any thereof; (C)(1) the Transfer does not violate the Transportation Code, the Securities Act or any other Law (including, without limitation, ERISA, any laws or regulations imposing U.S. economic sanctions measures or any orders or licenses issued thereunder), or create a relationship that would be in violation thereof, (2) the Transfer does not result in a "prohibited transaction" under Section 4975 of the Code, (3) the Transfer does not adversely affect the registration of the Aircraft in the name of Owner Trustee with the FAA (or the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States), (4) the Transfer will not subject Lessee to any additional regulation under, or require Lessee to give any notice to, register with, make any filings with or take any other action in respect of, any governmental authority or agency of any jurisdiction, (5) the Transfer does not require registration under the Securities Act or any foreign securities laws, require qualification of an indenture under the Trust Indenture Act, or require Lessee to sign any registration statement, (6) unless Lessee consents, the Transfer does not involve a Rule 144A, Regulation S or other capital markets or equity syndication transaction not described in the immediately preceding clause (5), and (7) the Transfer does not result in, or involve, incurrence by Lessee of any indebtedness for

accounting purposes (it being understood that, if any change in the lease accounting standards applicable to Lessee requires that Lessee, independently of the Transfer, capitalize its leases, including the Lease, in Lessee's books, such capitalization of the Lease is not intended to constitute, and shall not be construed as, incurrence by Lessee of any indebtedness for accounting purposes within the meaning of this clause (7)); (D) Owner Participant and the Transferee shall have entered into an agreement in the form attached hereto as Exhibit E (the "**Assumption Agreement**") or in such other form as shall be acceptable to Lessee; (E) Owner Participant shall have delivered to Owner Trustee and Lessee an opinion or opinions of counsel (which shall either be the in-house counsel of the Transferee or other counsel reasonably satisfactory to Lessee) to the effect that the Assumption Agreement has been duly authorized, executed and delivered by the Transferee and is enforceable against the Transferee in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally or by general principles of equity and to the effect that (subject to customary exceptions, qualifications and exclusions) such Transfer complies with clause (A) (except as to citizenship) and clause (C) (with respect to the Transportation Code and the Securities Act and no violation of Law) above (provided that, in determining observance with all factual matters contained in this Section, such counsel may rely on representations of the Transferee); and (F) the Transferee shall have provided to each of Lessee and Owner Trustee a duly completed and executed original IRS Form W-9 (and/or other applicable IRS Form(s)) establishing a complete exemption from U.S. federal withholding taxes with respect to all payments of Rent or other amounts to or for the benefit of Owner Trustee or Owner Participant under the Operative Documents; and

(ii) except with the consent of Lessee, either (A) the Transferee at the time of such Transfer either (I) has a combined capital and surplus of at least \$40,000,000 immediately prior to the time of Transfer, or a tangible net worth of at least \$40,000,000 immediately prior to the time of Transfer, exclusive of goodwill, all of the foregoing determined in accordance with generally accepted accounting principles, or (II) has assets of at least \$1,000,000,000 or more and is engaged in the making, purchasing, holding or investing in loans, leases or similar extensions of credit in the ordinary course of its business, or (III) has debt obligations rated at least "A" by S&P or the equivalent or better rating by Moody's and the Transferee's payment obligations owed to Lessee shall rank at least pari passu with such rated debt obligations, or (IV) is otherwise approved in writing by Lessee, such approval not to be unreasonably withheld or delayed (any Transferee meeting any of the requirements of (I), (II), (III) or (IV) above being hereinafter referred to as a "**Qualifying Institution**"), or (B) if the Transferee is not itself a Qualifying Institution, a parent corporation of the Transferee which qualifies as a Qualifying Institution shall have executed and delivered to Owner Trustee and Lessee an absolute and unconditional guaranty, substantially in the form of Exhibit G or otherwise in form and substance reasonably satisfactory to Lessee ([the guaranty by [Name of initial Owner Participant Guarantor] or any other¹] [any] such guaranty, an "**Owner**

¹ Insert if applicable.

Participant Guarantee”) and [Name of initial Owner Participant Guarantor or] such parent the “**Owner Participant Guarantor**”), with respect to the obligations undertaken by the Transferee under the Assumption Agreement referred to above, together with an opinion of counsel (which may be the in-house counsel of the Qualifying Institution providing such guaranty or other counsel reasonably satisfactory to Lessee) to the effect that such guaranty is enforceable against the guarantor in accordance with its terms. The Transferee shall, at the time of Transfer, deliver to Owner Trustee and Lessee a certificate of a duly authorized officer of the Transferee or its guarantor evidencing satisfaction of the requirements of (I), (II) or (III), as applicable, set forth in this clause (ii).

It shall be a further condition to any such Transfer, and the parties hereby agree, that: (x) as determined at the time of such Transfer, none of Lessee’s obligations, responsibilities, liabilities, costs and risks in the use and operation of the Aircraft or under, relating to or in respect of the Operative Documents or otherwise, including, without limitation, under or in respect of any of Lessee’s payment or indemnity obligations, shall be increased or altered, and none of Lessee’s rights and benefits under any Operative Document shall be diminished, as a result of or in connection with such Transfer or any aspect thereof or any other transaction relating thereto (it being acknowledged that an increase in the number of Indemnified Persons or Tax Indemnitees shall not, of itself, constitute an increase in Lessee’s obligations under the Operative Documents); and (y) Lessee shall have no obligation, responsibility or liability of any kind under, relating to or in respect of such Transfer or any aspect thereof or any other transaction relating thereto, except acknowledging acceptance of the Assumption Agreement.

The transferor Owner Participant will pay or cause the Transferee to pay any fees, costs, charges and expenses incurred by Owner Trustee, Trust Company, Lessee or any other party in connection with any such Transfer (including, without limitation the reasonable out-of-pocket expenses of Lessee and its legal fees and expenses) whether or not such Transfer is consummated, and in no case will Lessee be responsible for (and Owner Participant will hold Lessee harmless from) any such fees, charges or expenses or for any fees, charges or expenses incurred by any party to a Back-Leveraging Transaction in connection with such Transfer.

(b) Effect of Transfer. Upon any such Transfer by Owner Participant to a Transferee permitted by this Section 8.2, the Transferee shall be deemed the “Owner Participant” for all purposes hereof (unless the context is inappropriate) and each reference herein or in any other Operative Document to “Owner Participant” shall thereafter be deemed a reference to the Transferee as Owner Participant (unless the context is inappropriate). Upon any such Transfer by Owner Participant to a Transferee permitted by this Section 8.2, the transferor Owner Participant shall be relieved of all of its duties, liabilities and obligations hereunder and under the Trust Agreement that have been expressly assumed by such Transferee; provided that in no event will any such Transfer release the transferor Owner Participant from any duty, liability or obligation (i) arising or relating to any event occurring prior to the effective time of such Transfer, (ii) on account of any breach by the transferor Owner Participant of any of its representations, warranties, covenants or obligations contained herein or in any other Operative Document or any Assumption Agreement, or for any fraudulent or willful misconduct engaged in by the transferor Owner Participant, (iii) that relates to any indemnity claimed by the transferor Owner Participant or (iv) relating to or arising out of any Lessor’s Lien attributable to the

transferor Owner Participant. If Owner Participant proposes to Transfer its interests pursuant to this Section 8.2, it shall give at least 10 days prior written notice thereof to Owner Trustee and Lessee, specifying the name and address of the Transferee and the facts necessary to determine whether the conditions of this Section 8.2 have been or will be satisfied.

8.3 Back-Leverage.

8.3.1 Back Leveraging Transaction Requirements. Owner Trustee shall be permitted (in connection with any financing involving the Aircraft, including, without limitation, any multi-tiered debt financing) to grant a security interest (such grant, a “**Back-Leveraging Transaction**”) in its interest in the Aircraft and the Operative Documents to a third party (such party, the “**Back-Leveraging Party**”, and any other Person that is to benefit from such security interest in favor of the Back-Leveraging Party, a “**Back-Leveraging Lender**”), provided that the following requirements are satisfied:

(a) Owner Trustee shall give Lessee at least [****] prior written notice of such Back-Leveraging Transaction which notice shall identify the Back-Leveraging Party and each Designated Back-Leveraging Lender.

(b) Lessee shall be satisfied (in its reasonable opinion) that, and either the Lessee Consent or the security agreement and other transaction documents entered into in connection with such Back-Leveraging Transaction (the “**Back-Leveraging Documents**”) will include representations, warranties and covenants from each of Owner Participant and Owner Trustee, and, in the case of clauses (i) through (iii) below, the Back-Leveraging Party and each Back-Leveraging Lender, for the benefit of Lessee to the effect that, notwithstanding anything to the contrary set forth herein or in any other Operative Document:

(i) (x) [****] none of Lessee’s obligations, responsibilities, liabilities, costs and risks in the use and operation of the Aircraft or under, relating to or in respect of the Operative Documents or otherwise, including, without limitation, under or in respect of any of Lessee’s payment or indemnity obligations, shall be increased or altered, and none of Lessee’s rights and benefits under any Operative Document shall be diminished, as a result of or in connection with such Back-Leveraging Transaction or any aspect thereof or any other transaction relating thereto (except to the extent expressly set forth in Section 8.3.2), and (y) Lessee shall have no obligation, responsibility or liability of any kind under, relating to or in respect of the Back-Leveraging Transaction or any aspect thereof or any other transaction relating thereto (except to the extent expressly set forth in Section 8.3.2);

(ii) Lessee will not be required to remove any Liens on the Aircraft, the Airframe, any Engine, any Part, the Trust Estate or the Operative Documents relating to or that would not have arisen but for such Back-Leveraging Transaction;

(iii) (A) the rights and remedies of any Person under the Back-Leveraging Documents are subject in all respects to the Lease and the rights of Lessee under the Operative Documents, including, without limitation, that Lessee shall be entitled to exercise all of its rights under the Lease notwithstanding any provision to the

contrary in any Back-Leveraging Document, (B) neither the Back-Leveraging Party nor any Back-Leveraging Lender shall have any recourse to Lessee for any breach of any obligation of Owner Trustee, Trust Company, Owner Participant or any other Person in connection with any Back-Leveraging Document, (C) any amounts held by the Back-Leveraging Party or any Back-Leveraging Lender for which application is provided in the Lease shall be applied solely as provided in the Lease notwithstanding any provision to the contrary contained in any Back-Leveraging Document, (D) in the event of any transfer of title to Lessee (or any Permitted Sublessee) of the Aircraft, the Airframe, any Engine or any Part pursuant to the terms of the Lease, such title shall vest in Lessee (or such Permitted Sublessee) free and clear of the security interest of any Back-Leveraging Documents, (E) the security interest in connection with such Back-Leveraging Transaction shall not attach to any Part removed from the Aircraft except to the extent that Lessor has rights in such Part pursuant to the Lease, and (F) each of the Back-Leveraging Party and any Back-Leveraging Lender agrees, for the benefit of the lessor, conditional vendor or secured party of any airframe or any engine leased, purchased or owned by Lessee (or any Permitted Sublessee) subject to a lease, conditional sale or other security agreement, that it will not acquire or claim, as against such lessor, conditional vendor or secured party, any right, title or interest in any engine or engines as the result of such engine or engines being installed on the Airframe at any time while such engine or engines are subject to such lease, conditional sale or other security agreement; and

(iv) such Back-Leveraging Transaction and the Back-Leveraging Documents (A) will not violate any provisions of the Transportation Code, the Securities Act, the Trust Indenture Act or any other applicable Law (including, without limitation, ERISA) in any jurisdiction, or create a relationship that would be in violation thereof, (B) will not subject Lessee to any additional regulation under, or require Lessee to give notice to, register with, make any filings with or take any other action in respect of, any governmental authority or agency of any jurisdiction, (C) will not require Lessee to be an “issuer”, “co-issuer” or registrant of securities, whether or not such securities are registered under the Securities Act or any other applicable law in any jurisdiction, (D) will not require any registration under the Securities Act or any foreign securities laws, require qualification of an indenture under the Trust Indenture Act, or require Lessee to sign any registration statement, (E) [****] will not involve a Rule 144A, Regulation S or other capital markets transaction not described in the immediately preceding clause (D), (F) will not result in a prohibited transaction under Section 4975 of the Code, and (G) will not result in, or involve, incurrence by Lessee of any indebtedness for accounting purposes (it being understood that, if any change in the lease accounting standards applicable to Lessee requires that Lessee, independently of the Back-Leveraging Transaction and the Back-Leveraging Documents, capitalize its leases, including the Lease, in Lessee’s books, such capitalization of the Lease is not intended to constitute, and shall not be construed as, incurrence by Lessee of any indebtedness for accounting purposes within the meaning of this clause (G)).

(c) The Back-Leveraging Documents shall include a covenant of quiet enjoyment from the Back-Leveraging Party and each Back-Leveraging Lender for the benefit of Lessee substantially similar to Section 6.4.3.

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(d) The registration on the International Registry of the “sale” of the Aircraft to Lessor and the International Interests created under the Lease shall rank prior to any other registration relating to any Back-Leveraging Transaction, and Lessor or Owner Participant, as applicable, and the Back-Leveraging Party and each Back-Leveraging Lender shall take all such actions reasonably requested by Lessee to establish and preserve such priority.

(e) Lessee shall not be required to provide information (financial or otherwise) for, obtain accountants’ consents or otherwise participate in such Back-Leveraging Transaction (except as expressly provided in Section 8.3.2).

(f) There shall be no more than one Back-Leveraging Transaction at any time.

(g) Owner Participant shall pay all reasonable costs and expenses of the other parties hereto in connection with such Back-Leveraging Transaction, including, without limitation, reasonable counsel fees and disbursements, whether or not such Back-Leveraging Transaction is consummated.

For the avoidance of doubt, Lessee shall be satisfied (in its reasonable opinion) that the agreements of the Back-Leveraging Party and any Back-Leveraging Lender described in this Section 8.3.1 shall be binding upon each such Person’s successors and assigns.

8.3.2 Lessee Participation. In connection with any such Back-Leveraging Transaction that meets the foregoing requirements of Section 8.3.1:

(a) at Owner Trustee’s request, (i) if the definition of “Indemnified Person” shall have been modified in accordance with the following clause (ii), Lessee shall add the name (A) of the Back-Leveraging Party and, so long as there are fewer than 10 Back-Leveraging Lenders, each Back-Leveraging Lender notified to Lessee pursuant to Section 8.3.1(a) (each such Back-Leveraging Lender, a “**Designated Back-Leveraging Lender**”) as an additional insured under the aircraft liability policies required pursuant to Section 11(a) of the Lease, in each case, with respect to the interests of such Person in its capacity as a Back-Leveraging Indemnified Person in the transactions contemplated by the Operative Documents [****] Lessor and Lessee shall [****]; and (iv) the Back-Leveraging Party shall agree in writing, for the benefit of Lessee, that any payments, amounts or proceeds of any kind or nature, including, without limitation, any insurance, condemnation or requisition proceeds, with respect to the Aircraft, Airframe or any Engine for which application is provided in the Operative Documents shall paid and applied solely as provided in the Operative Documents; and

(b) at Owner Trustee’s request, Lessee shall enter into a consent and acknowledgment with Owner Trustee, Owner Participant, the Back-Leveraging Party and any Back-Leveraging Lender in form and substance reasonably acceptable to Lessee (a “**Lessee Consent**”) confirming Lessee’s obligations in Section 8.3.2(a) and containing other customary provisions not inconsistent with Section 8.3.1.

8.3.3 No Other Restructurings. Except as described in this Section 8.3, Owner Trustee and Owner Participant will have no other rights to restructure or refinance the transactions contemplated by the Operative Documents, including, without limitation, to include a “head-lease” structure, without Lessee’s consent, such consent not to be unreasonably withheld.

Section 9. Change of Citizenship.

9.1 Generally. Without prejudice to the representations, warranties or covenants regarding the status of any party hereto as a Citizen of the United States, each of Owner Participant, Owner Trustee and Trust Company agrees that, during the Term, in the event its status is to change or has changed as a Citizen of the United States or it makes public disclosure of circumstances as a result of which it believes that such status is likely to change, it will notify all the other parties to this Agreement of (a) such change in status promptly after obtaining actual knowledge thereof or (b) such belief as soon as practicable after such public disclosure but in any event within 10 Business Days after such public disclosure.

9.2 Owner Participant. Owner Participant covenants that if, at any time during the Term when the Aircraft is registered in the United States, Owner Participant is not or ceases to be a Citizen of the United States and the Aircraft would thereupon become ineligible for registration in the name of Owner Trustee under the Transportation Code as in effect at such time and the regulations then applicable thereunder (without regard to any “based and primarily used” provision, or other provision that in any way could restrict the use and operation of the Aircraft by Lessee but with regard to voting trust provisions and provisions delegating certain control rights to the Owner Trustee), then Owner Participant at its own expense shall promptly (and, in any event, within a period of 30 days) either transfer, pursuant to Article VIII of the Trust Agreement and Section 8.2 hereof, its right, title and interest in and to the Trust Agreement, the Trust Estate and this Agreement, or take such other action, as may be necessary to prevent any deregistration of the Aircraft or to make possible its registration in the United States (without regard to any “based and primarily used” provision, or other provision that in any way could restrict the use and operation of the Aircraft by Lessee but with regard to voting trust provisions and provisions delegating certain control rights to the Owner Trustee), as the case may be. Each party hereto agrees to take such steps, at Owner Participant’s expense, as Owner Participant shall reasonably request in order to assist Owner Participant in complying with its obligations under this Section 9.2. Owner Participant agrees to indemnify and hold harmless the other parties hereto for any and all losses, liabilities, costs and expenses incurred by such parties arising from the failure of the Aircraft to be eligible for registration in the name of Owner Trustee attributable to Owner Participant’s failure to be a Citizen of the United States at any time during the Term.

9.3 Owner Trustee. Trust Company covenants that, if at any time when the Aircraft is registered in the United States Trust Company is not or ceases to be a Citizen of the United States and the Aircraft would thereupon become ineligible for registration in the name of Owner Trustee under the Transportation Code as in effect at such time and the regulations then applicable thereunder (without regard to any “based and primarily used” provision, or other provision that in any way could restrict the use and operation of the Aircraft by Lessee), Trust Company shall resign immediately as Owner Trustee in accordance with Section 9.01 of the Trust Agreement. Trust Company agrees to indemnify and hold harmless the other parties hereto for any and all losses, liabilities, costs and expenses incurred by such parties arising from Trust Company’s failure to be a Citizen of the United States at any time during the Term.

Section 10. Miscellaneous.

10.1 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents or waivers required or permitted under the terms and provisions of this Agreement shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, postage prepaid, overnight courier service or facsimile, and any such notice shall be effective when received (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) and addressed as follows:

(a) if to Lessee:

American Airlines, Inc.
4333 Amon Carter Boulevard, MD 5662
Fort Worth, Texas 76155
Attention: Treasurer
Facsimile: 817.967.4318
Telephone: 817.963.1234

(b) if to Owner Participant:

[Name of Owner Participant]
[Address of Owner Participant]
Attention:
Facsimile:
Telephone:

(c) if to Owner Trustee:

Wells Fargo Bank Northwest, National Association
MAC: 1240-026
260 N. Charles Lindbergh Dr.
Salt Lake City, UT 84116
Attention: Corporate Trust Lease Group
Facsimile: 801.246.7142
Telephone: 801.246.6000

With a copy to the Owner Participant.

Any party, by notice to the other parties hereto, may designate different addresses for subsequent notices or communications. Whenever the words “notice” or “notify” or similar words are used herein, they mean the provision of formal notice as set forth in this Section 10.1.

10.2 Late Payments; Business Days; Currency. In the event that any amounts required to be paid hereunder are not paid when due, such amounts shall bear interest, to the extent permitted by applicable law, from the due date thereof to, but not including, the date such

amount is paid, at the Overdue Rate. If any amount required to be paid hereunder is due on a day that is not a Business Day, such amount shall be paid on the next succeeding Business Day with the same force and effect as if paid on the scheduled date of payment, and no interest shall accrue on the amount of such payment from and after such scheduled date to the time of payment on such next succeeding Business Day. All payment obligations by the parties hereto under the Operative Documents shall be payable in U.S. Dollars.

10.3 Concerning Owner Trustee. Wells Fargo Bank Northwest, National Association is entering into the Operative Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity (except as expressly provided in the Operative Documents), and in no case shall Wells Fargo Bank Northwest, National Association (or any entity acting as successor Owner Trustee under the Trust Agreement) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of Lessor or Owner Trustee under the Operative Documents; provided, however, that Wells Fargo Bank Northwest, National Association (or any successor Owner Trustee) shall be personally liable under the Operative Documents for its own gross negligence, its own simple negligence in the handling of funds actually received by it in accordance with the terms of the Operative Documents, its willful misconduct and its breach of its covenants, representations and warranties in the Operative Documents, to the extent covenanted or made in its individual capacity or as otherwise expressly provided in the Operative Documents; provided, further, that nothing contained in this Section 10.3 shall be construed to limit the exercise and enforcement in accordance with the terms of the Operative Documents of rights and remedies against the Trust Estate.

10.4 Confidential Information. All Confidential Information shall be held confidential by each of Owner Trustee, Trust Company and Owner Participant and shall not, without the prior written consent of Lessee, be furnished or disclosed to anyone other than (a) such party's bank examiners, auditors, accountants, agents and legal counsel, each with an absolute need to know such information; (b) any Person with whom such party is in good faith conducting negotiations relating to the possible Back-Leveraging Transaction or permitted transfer, sale or other disposition of its rights and obligations under this Agreement, the Lease and the other Operative Documents, if such Person shall have entered into an agreement for the express benefit of Lessee to hold such Confidential Information confidential in accordance with the provisions of this Section 10.4; (c) except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any governmental authority; and (d) except to the extent such Confidential Information becomes publicly available or becomes available on a non-confidential basis from a source other than any party to the Operative Documents or any Affiliate thereof. Notwithstanding anything to the contrary in the Operative Documents, except as reasonably necessary to comply with applicable securities law, the parties to the Operative Documents (and their respective employees, representatives and agents) may disclose to any and all persons, without limitation of any kind, the United States federal or state income tax treatment and tax structure of the transaction contemplated thereby and all materials of any kind provided to them relating to such tax treatment and tax structure. For this purpose, "tax structure" means any facts relevant to the United States federal or state income tax treatment of such transaction, but (unless otherwise required by applicable Law) does not include information relating to the identity of the parties. The obligations set forth in this Section 10.4 shall survive any termination or rescission of this Agreement or other Operative Documents, as the case may be.

10.5 Further Assurances. Each party hereto shall execute, acknowledge and deliver or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, including, without limitation, making or consenting to registrations on the International Registry with respect to the Lease contemplated by Section 2 and appointing Aviation Counsel as its “professional user entity” (as defined in the Cape Town Treaty) to make or consent to any registrations or discharges on the International Registry with respect to the Airframe or any Engine, in any case, as any other party hereto shall reasonably request in connection with the administration of, or to carry out more effectively the purposes of, or to better assure and confirm into such other party the rights and benefits to be provided under this Agreement; provided that this sentence is not intended to impose upon Lessee any additional liabilities not contemplated by this Agreement.

10.6 Third Party Beneficiary. Except for Indemnified Persons and Tax Indemnitees not a party hereto (each of which shall be deemed to be express third party beneficiaries with respect to the provisions of Section 7.1 or 7.2, as the case may be, subject to Section 7.3.3), this Agreement is not intended to, and shall not, provide any Person not a party hereto with any rights of any nature whatsoever against any of the parties hereto and no Person not a party hereto shall have any right, power or privilege in respect of any party hereto, or have any benefit or interest, arising out of this Agreement.

10.7 Miscellaneous.

10.7.1 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

10.7.2 Amendments. No term or provision of this Agreement may be amended, modified or supplemented orally, but only by an instrument in writing signed by the party against which the enforcement of the amendment, modification or supplement is sought.

10.7.3 Prior Agreements. This Agreement and the other Operative Documents, and all certificates, instruments and other documents relating thereto delivered and to be delivered from time to time pursuant to the Operative Documents, supersede any and all representations, warranties and agreements (other than any Operative Document) prior to the date of this Agreement, written or oral, between or among any of the parties hereto relating to the transactions contemplated hereby and thereby.

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

10.7.5 Binding Agreement. This Agreement shall be binding upon and inure to the benefit of, Owner Participant and, subject to the provisions of Section 8.2, its successors and permitted assigns, Owner Trustee and its successors as Owner Trustee under the Trust Agreement, Trust Company and its successors and permitted assigns, and Lessee and, subject to the terms of Section 6.1.3, its successors and permitted assigns.

10.7.6 No Waiver. No failure on the part of Owner Participant, Owner Trustee, Trust Company or Lessee to exercise, and no delay in exercising, any right, power or privilege under this Agreement or any other Operative Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder and thereunder. Except as may be expressly limited herein or by any other Operative Document, the remedies herein provided are cumulative and not exclusive of any remedies provided by Law.

10.7.7 Governing Law; Jurisdiction.

(a) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK.

(b) [Except for the period prior to the Plan Effective Date, during which the Bankruptcy Court shall have exclusive jurisdiction, in]¹ [In] relation to any legal action or proceeding arising out of or in connection with this Agreement or any other Operative Document, each of Owner Participant, Trust Company, Owner Trustee and Lessee (a) irrevocably submits to the nonexclusive jurisdiction of each of the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York, and other courts with jurisdiction to hear appeals from such courts, and (b) to the maximum extent permitted by applicable Law, waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such action or proceeding, that the action or proceeding is brought in an inconvenient forum, that the venue of the action or proceeding is improper or that this Agreement or any other Operative Document or the subject matter hereof or thereof or any of the transactions contemplated hereby or thereby may not be enforced in or by such courts. [Owner Participant irrevocably designates and appoints [name of process agent] as process agent to receive for it and on its behalf service of process in any proceedings arising hereunder or under any other Operative Document to which it is a party. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.]²

(c) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY

¹ Include for all deliveries occurring during the pendency of Lessee's Chapter 11 Case.

² Include only if there is a foreign Owner Participant.

APPLICABLE LAW, THE RIGHT TO TRIAL BY JURY IN ANY LEGAL OR EQUITABLE ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER OPERATIVE DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY OR THE SUBJECT MATTER OF ANY OF THE FOREGOING.

10.7.8 Section 1110. It is the intention of the parties hereto that the Lease, to the fullest extent available under applicable law, entitles Lessor to the benefits of Section 1110 with respect to the Aircraft. In the furtherance of the forgoing, the parties hereby confirm that the Lease is to be treated as a lease for U.S. federal income tax purposes. Nothing contained in this paragraph shall be construed to limit Lessee's use and operation of the Aircraft under the Lease or constitute a representation or warranty by any party as to tax consequences.

10.7.9 Waiver of Immunity. To the extent that Owner Participant or any of its properties has or may hereafter acquire any right of immunity, whether characterized as sovereign immunity or otherwise, and whether under the United States Foreign Sovereign Immunities Act of 1976 (or any successor legislation) or otherwise, from any legal proceedings, whether in the United States or elsewhere, to enforce or collect upon any Operative Documents to which it is a party, including, without limitation, immunity from suit or service of process, immunity from jurisdiction or judgment of any court or tribunal or execution of a judgment, or immunity of any of its property from attachment prior to any entry of judgment, or from attachment in aid of execution upon a judgment, Owner Participant hereby irrevocably and expressly waives any such immunity, and agrees not to assert any such right or claim in any such proceeding, whether in the United States or elsewhere.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

[Participation Agreement ([Year] MSN [MSN])]

IN WITNESS WHEREOF, the parties hereto have caused this Participation Agreement to be duly executed as of the day and year first above written.

AMERICAN AIRLINES, INC.

By:
Name:
Title:

[NAME OF OWNER PARTICIPANT]

By:
Name:
Title:

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity (except as expressly provided herein) but solely as Owner Trustee

By:
Name:
Title:

EXHIBIT A

FORM OF OPINION OF [ASSOCIATE] GENERAL COUNSEL FOR LESSEE

[Letterhead of American Airlines, Inc.]

[], 20[]

To Each of the Addressees
Listed on Schedule I Attached Hereto:

**Re: American Airlines, Inc.
One Airbus [Model] Aircraft
(U.S. Registration No. N[])**

Ladies and Gentlemen:

I am [Associate] General Counsel of American Airlines, Inc., a Delaware corporation (the “**Lessee**”), and as such I am delivering this opinion in connection with the transactions contemplated by the Participation Agreement ([YEAR] MSN [MSN]), dated as of [], 20[] (the “**Participation Agreement**”), among Wells Fargo Bank Northwest, National Association, a national banking association, not in its individual capacity, except as expressly provided therein, but solely as owner trustee (in such capacity, the “**Lessor**”, and in its individual capacity, the “**Trust Company**”), the Lessee and [Name of Owner Participant, type of entity and jurisdiction of organization] (the “**Owner Participant**”). This opinion is being delivered pursuant to Sections 4.1.1(i) and 4.2.1(a) of the Participation Agreement. Capitalized terms used herein without definition are used as defined in the Participation Agreement.

In so acting, I or attorneys under my supervision have examined (i) the Participation Agreement, (ii) the Lease Agreement ([YEAR] MSN [MSN]), dated as of [], 20[] (the “**Lease Agreement**”), between the Lessor and the Lessee, (iii) Lease Supplement No.1, dated today (the “**Lease Supplement**”), between the Lessor and the Lessee and (iv) the Trust Agreement ([YEAR] MSN [MSN]), dated as of [], 20[], between the Trust Company and the Owner Participant, each delivered on the date hereof by the Lessee to the Lessor (the documents listed in clauses (i) through (iv), collectively, the “**Operative Documents**”) and have examined and relied upon the representations and warranties as to factual matters contained therein or made pursuant thereto and upon the originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable me to render the opinion expressed below. In all such examinations, we have assumed the legal capacity of all natural persons executing documents, the genuineness of all signatures on original or certified copies, the authenticity of all original or certified copies and the conformity to original or certified documents of all copies submitted to us as conformed or reproduction copies.

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LA 1 – Participation Agreement

Based on and subject to the foregoing and subject to the further assumptions and qualifications set forth below, I am of the following opinion:

1. The Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority[as a debtor in possession under Sections 1107 and 1108 of the Bankruptcy Code,]¹ to own and hold under lease its properties and to enter into and perform its obligations under the Participation Agreement, the Lease Agreement and the Lease Supplement (collectively, the “**Lessee Documents**”).

2. The Lessee holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49 of the United States Code (such Title 49, the “**Transportation Code**”) for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo.

3. The execution, delivery and performance by the Lessee of the Lessee Documents have been duly authorized by all necessary corporate action on the part of the Lessee [and by the Bankruptcy Court]², do not require any stockholder approval or approval or consent of any trustee or holder of any indebtedness or obligations of the Lessee known to me, and do not violate any current law, governmental rule or regulation or any judgment or order known to me to be binding on the Lessee, or violate the Certificate of Incorporation or By-Laws of the Lessee, or violate the provisions of, or constitute a default under, or result in the creation of any Lien (other than as permitted by the terms of the Lease Agreement) upon the property of the Lessee under, any indenture, mortgage, contract or other agreement or instrument known to me to which the Lessee is a party or by which it or any of its property is bound.

4. Except for the filings referred to in paragraph 6 below [and the Bankruptcy Court Order]³, neither the execution and delivery by the Lessee of the Lessee Documents, nor the consummation by the Lessee of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, the U.S. Department of Transportation, the FAA or any other Federal or State of New York or Texas governmental authority.

5. Each of the Lessee Documents has been duly executed and delivered by the Lessee and constitutes the valid and binding obligation of the Lessee, enforceable against the Lessee in accordance with its terms.

6. Except for (a) the filing for recordation with the FAA of the FAA Bill of Sale relating to the Aircraft showing the transfer of title from the Manufacturer to the Lessor and the filing with the FAA of the aircraft registration application relating to the Aircraft in accordance with the Transportation Code and the registration of the Aircraft in the name of the Lessor with

¹ Include if the Closing occurs during the pendency of the Chapter 11 case.

² *Id*

³ *Id.*

the FAA, (b) the filing for recordation with the FAA of the Lease Agreement, with the Lease Supplement attached, in accordance with the Transportation Code, (c) the filing with the FAA of the appropriate FAA forms relating to filings, registrations and recordations under the Cape Town Treaty (including, without limitation, AC Form 8050-135) and (d) such filings, registrations and recordations as may be necessary or advisable under the Cape Town Treaty: (i) with respect to such portion of the Aircraft as is covered by the recording system established by the FAA pursuant to the Transportation Code, and assuming at the time of each such filing that no other unrecorded documents relating to the Aircraft have been filed pursuant to the Transportation Code but have not been shown on indices of filed but unrecorded documents made available to special Oklahoma City counsel, no further filing or recording of any document is necessary or advisable under the laws of the State of New York or Texas or the Federal laws of the United States of America in order to establish and perfect the interest of the Lessor in the Aircraft as against the Lessee and any third parties claiming by or through the Lessee in any applicable jurisdiction of the United States, except for periodic renewals of the registration of the Aircraft in the name of the Lessor with the FAA as may be necessary under the FAA regulations governing United States registration of aircraft; and (ii) with respect to such portion, if any, of the Aircraft as may not be covered by such recording system, no further filing or recording of any document (including any financing statement) is necessary or advisable under Article 9 of the Uniform Commercial Code as in effect in the State of New York (the “NY UCC”) and Chapter 9 of the Uniform Commercial Code as in effect in the State of Texas (the “Texas UCC” and together with the NY UCC, the “UCC”) in order to establish and perfect the interest of the Lessor in the Aircraft as against the Lessee and any third parties claiming by or through the Lessee in such States, except for the filing of a Uniform Commercial Code financing statement in the State of Delaware, and the filing of continuation statements with respect thereto required to be filed at periodic intervals under the Uniform Commercial Code of the State of Delaware and such other filings or recordings as may be necessary under the laws of the State of Delaware.

7. There are no pending or, to the best of my knowledge, threatened actions or proceedings before any court or administrative agency or arbitrator that would materially adversely affect the ability of the Lessee to perform its obligations under the Lessee Documents.

8. The Lessor for the Aircraft, as Lessor under the Lease Agreement, is entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code (11 U.S.C. § 1110) with respect to the Airframe and Engines subject to the Lease Agreement on the date hereof.

My opinions set forth above are subject to (i) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium and other similar laws relating to or affecting creditors’ or lessors’ rights or remedies generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law), (iii) an implied covenant of good faith, reasonableness and fair dealing, and standards of materiality, and (iv) in the case of indemnity, contribution or exculpation provisions, public policy considerations. In addition, applicable laws and interpretations may affect the validity or enforceability of certain remedies provided for in the Lease Agreement, but such limitations do not, in my opinion, make the remedies provided for therein inadequate for the practical realization of the rights and benefits intended to be provided thereby (subject to the other qualifications expressed herein). Without limiting the foregoing, I express no opinion as to the validity, binding effect or enforceability of any provision of the Operative Documents that purports to (w) waive, release or vary any statutory right of any party

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or any duties owing to any party to the extent that such waiver, release or variation may be limited by Section 1-102(3) of the NY UCC or Section 1.302(b) of the Texas UCC, (x) prohibit the Lessee from transferring its respective rights in any Lessee Document, as the enforceability of such prohibition may be limited by Section 2A-303 of the UCC, (y) provide for liquidated damages in an amount that exceeds the amount that is reasonable in light of the anticipated harm caused by the Lessee's default or other applicable act or omission, or (z) provide that the terms thereof may not be waived or modified except in writing, or that any prohibited or unenforceable provision thereof may be severed without invalidating the remaining provisions thereof. In addition, the enforceability of any provision in the Operative Documents to the effect that certain determinations made by one party shall have conclusive effect may be limited under certain circumstances. I express no opinion as to (w) the enforceability of any purported right of set-off with respect to any contingent or unmatured obligations, (x) any reference to the subject matter jurisdiction of a United States Federal court to adjudicate any controversy, (y) any waiver of inconvenient forum or improper venue, or (z) any provisions of any Operative Document relating to the submission to the jurisdiction of any court other than the courts of the State of New York sitting in the County of New York and the United States District Court for the Southern District of New York. My opinion in paragraph 5 above with respect to the choice of law and choice of forum provisions of the Lessee Documents is given in reliance on, and is limited in scope to, Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York, and I express no opinion with respect to any such provision insofar as it exceeds such scope.

I express no opinion as to the validity, binding effect or enforceability of any of the Operative Documents, or of any security interest created under any of the Operative Documents, to the extent that such Operative Documents grant or purport to grant an interest that is not governed by the UCC or the Transportation Code. Except as set forth in paragraph 6 above, I express no opinion as to the validity or perfection of the interests purported to be created under the Operative Documents.

I have assumed that the Operative Documents constitute legal, valid and binding obligations of each party thereto (other than the Lessee) enforceable against such party in accordance with their respective terms. I also have relied on the opinion, dated today and addressed to you, relating to the Aircraft of Daugherty, Fowler, Peregrin, Haught & Jenson, P.C., special Oklahoma City counsel, and I have made no investigation of law or fact as to the matters stated in such opinion. My opinion is subject to all the assumptions, qualifications and limitations contained in such opinion. I have also assumed that the Operative Documents and the transactions contemplated thereby are not within the prohibitions of Section 406 of the Employee Retirement Income Security Act of 1974, as amended. I express no opinion herein as to the title to or any other interest of the Lessor in or to the Aircraft, Airframe, Engines or any part thereof, and in rendering the foregoing opinions I have assumed that the Lessor with respect to the Aircraft holds, and will continue to hold, good title to the Aircraft, free and clear of all Liens other than the Liens created by the Lessee Documents. With your permission, my opinion is limited to the laws of the States of New York and Texas, the General Corporation Law of the State of Delaware and the Federal laws of the United States of America, except that I express no opinion with respect to the antitrust, bankruptcy (except to the extent specifically set forth in paragraph 8 above), environmental, securities or tax laws of any jurisdiction, or with respect to the Cape Town Treaty or any laws, rules or regulations relating thereto or promulgated thereunder.

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This opinion letter is limited to the matters stated, and no opinion is implied or may be inferred beyond the matters expressly stated herein. The opinions expressed herein are rendered only as of the date hereof, and I assume no responsibility to advise you of changes in law, facts, circumstances, events or developments which hereafter may be brought to my attention and which may alter, affect or modify the opinions expressed herein.

The opinions expressed herein are solely for the benefit of the addressee hereof in connection with the transactions contemplated by the Participation Agreement and may not be used for any other purpose. Neither my opinions nor this opinion letter may be relied upon by any other Person without my prior written consent.

Very truly yours,

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SCHEDULE I

Wells Fargo Bank Northwest, National Association, as Owner Trustee

[Name of Owner Participant], as Owner Participant

[[Name of Owner Participant Guarantor], as Owner Participant Guarantor, if applicable]

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FORM OF OPINION OF SPECIAL COUNSEL FOR OWNER TRUSTEE

[Letterhead of Ray, Quinney & Nebeker P.C.]

[], 20[]

TO THE ADDRESSEES LISTED ON
SCHEDULE A ATTACHED HERETO

Re: **One Airbus [Model] aircraft bearing U.S. Registration Number N[] and
Manufacturer's Serial Number [MSN]**

Dear Sir or Madam:

We have acted as counsel to Wells Fargo Bank Northwest, National Association, a national banking association, in its individual capacity (“**WFBN**”) and as Owner Trustee (the “**Owner Trustee**”) in connection with the transactions contemplated by that certain Participation Agreement ([YEAR] MSN [MSN]) dated as of [] (the “**Participation Agreement**”) among Wells Fargo Bank Northwest, National Association, not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee, [], a [jurisdiction] [type of entity], as Owner Participant (the “**Owner Participant**”), and American Airlines, Inc., as lessee (the “**Lessee**”). This opinion is being delivered pursuant to Section 4.1.1(i)(ii) of the Participation Agreement. Except as otherwise defined herein, all capitalized terms used herein shall have the respective meanings set forth in, or by reference to, Annex A to the Participation Agreement.

We have examined and relied on copies furnished to us of the following documents:

- (a) the Participation Agreement;
- (b) the Trust Agreement;
- (c) the Lease Agreement; and
- (d) the Lease Supplement No. 1, dated the date hereof (the documents described in items (a) through (d) being collectively referred to as the “**Operative Documents**”).

We have examined and relied upon originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as we have deemed necessary or advisable for the purposes of rendering this opinion.

Based on and subject to the foregoing, we are of the opinion that:

1. WFBN is a national banking association duly organized and validly existing and in good standing under the laws of the United States and has the full corporate and trust power, authority and legal right in its individual capacity and as Owner Trustee, as the case may be, to execute and deliver the Operative Documents to which it is a party and perform its obligations thereunder. WFBN is a “citizen of the United States” within the meaning of 49 U.S.C. §40102(a)(15).

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2. The execution, delivery and performance by WFBN and the Owner Trustee of the Operative Documents to which each is a party, the consummation by WFBN or the Owner Trustee, as the case may be, of the transactions contemplated thereby and compliance by WFBN or the Owner Trustee, as the case may be, with the terms thereof (i) have been duly authorized by all necessary corporate and trust action on the part of WFBN or the Owner Trustee, as the case may be, (ii) do not contravene, or result in a breach of or constitute any default under WFBN's charter documents or by-laws or the provisions of any indenture, mortgage, contract or other agreement, in each case known to us, to which it is party or by which it or any of its properties is or may be bound or affected and (iii) does not and will not contravene any law or governmental rule or regulation of the United States or the State of Utah governing the banking or trust powers of WFBN, or any order or judgment known to us and applicable to or binding on WFBN or the Owner Trustee, as the case may be.
3. Each of the Operative Documents to which WFBN or the Owner Trustee, as the case may be, is a party has been duly executed and delivered by WFBN, in its individual capacity or as Owner Trustee, as the case may be, and is the legal, valid and binding obligation of WFBN, in its individual capacity or as Owner Trustee, as the case may be, enforceable against WFBN, in its individual capacity or as Owner Trustee, as the case may be, in accordance with its terms.
4. No taxes, fees or other charges (other than taxes payable by the Owner Trustee on or measured by any compensation received by the Owner Trustee for its services) are required to be paid under the laws of the State of Utah or any political subdivision thereof (i) in connection with the execution, delivery or performance by WFBN or the Owner Trustee of the Operative Documents; and (ii) by any party to the Operative Documents with respect to the transactions contemplated thereby in either case solely because the Trust is created under, and the Trust Agreement is governed by, the laws of the State of Utah or because WFBN is a national banking association with its principal place of business in Salt Lake City, Utah, and administers the Trust Estate in Utah.
5. To our knowledge, there exist no Liens affecting the right, title and interest of the Owner Trustee in and to the Aircraft resulting from Claims against WFBN not related to the ownership of the Aircraft or the administration of the Trust or any other transaction contemplated by the Trust Agreement and the other Operative Documents.
6. To our knowledge, there are no pending or threatened actions or proceedings against or affecting WFBN or the Owner Trustee before any court or administrative agency or arbitration board or tribunal, individually or in the aggregate, which, if determined adversely to it, would materially adversely affect the power or ability of WFBN or the Owner Trustee to perform its obligations under the Operative Documents.

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7. No consent, license, approval or authorization of, or filing, registration or qualification with, or giving of notice or taking of any other action with respect to, any Utah or local government authority or agency, or any United States federal government agency or agency regulating the banking or trust powers of WFBN is required in connection with the execution, delivery and performance by WFBN, either in its individual capacity or as Owner Trustee, of the Operative Documents to which it, in such capacity, is a party or any of the transactions contemplated thereby, other than any such consent, license, approval, authorization, filing, registration, qualification, notice or action as has been duly obtained, given or taken and is in full force and effect.

The foregoing opinions are subject to the following assumptions, exceptions and qualifications:

A. The foregoing opinions are limited to the laws of the State of Utah and the federal laws of the United States of America governing the banking and trust powers of WFBN. In addition, without limiting the foregoing we express no opinion with respect to (i) federal securities laws, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended, (ii) Title 49 of the United States Code Annotated (previously known as the Federal Aviation Act of 1958), as amended (except with respect to the opinion set forth in paragraph 1 above concerning the citizenship of WFBN), (iii) the Federal Communications Act of 1934, as amended, or (iv) state securities or blue sky laws. Insofar as the foregoing opinions relate to the legality, validity, binding effect and enforceability of the Operative Documents involved in these transactions, which by their terms are governed by the laws of a state other than Utah, we have assumed that such documents constitute legal, valid, binding and enforceable agreements under the laws of such other state, as to which we express no opinion.

B. The opinion set forth in paragraph 1 above concerning the citizenship of WFBN is based upon the facts contained in an affidavit of WFBN, made by its authorized officer, which facts we have not independently verified.

C. The foregoing opinions regarding enforceability of any document or instrument are subject to (i) applicable bankruptcy, insolvency, moratorium, reorganization, receivership and similar laws affecting the rights and remedies of creditors generally, and (ii) general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

D. As to the documents involved in these transactions, we have assumed that each is a legal, valid and binding obligation of each party thereto, other than WFBN or the Owner Trustee, and is enforceable against each such party in accordance with their respective terms.

E. We have assumed that all signatures, other than those of the Owner Trustee or WFBN, on documents and instruments involved in these transactions are genuine, that all documents and instruments submitted to us as originals are authentic, and that all documents and instruments submitted to us as copies conform with the originals, which facts we have not independently verified.

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F. We do not purport to be experts in respect of, or express any opinion concerning laws, rules or regulations applicable to, the particular nature of the equipment involved in these transactions.

G. We have made no investigation of, and we express no opinion concerning, the nature of the title to any part of the equipment involved in these transactions or the priority of any mortgage or security interest.

H. We have assumed that the Participation Agreement and the transactions contemplated thereby are not within the prohibitions of Section 406 of the Employee Retirement Income Security Act of 1974.

I. In addition to any other limitation by operation of law upon the scope, meaning, or purpose of this opinion, this opinion speaks only as of the date hereof. We have no obligation to advise the recipients of this opinion (or any third party) of changes of law or fact that may occur after the date hereof, even though the change may affect the legal analysis, a legal conclusion or an information confirmation herein.

J. The opinions expressed in this letter are solely for the use of the parties to which it is addressed in matters directly related to the Participation Agreement and the transactions contemplated thereunder and these opinions may not be relied on by any other persons or for any other purpose without our prior written approval. The opinions expressed in this letter are limited to the matters set forth in this letter, and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

RAY QUINNEY & NEBEKER P.C.

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SCHEDULE A

American Airlines, Inc., as Lessee

[], as Owner Participant

[], as Owner Participant Guarantor, if applicable

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EXHIBIT C

[INTENTIONALLY LEFT BLANK]

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EXHIBIT D

FORM OF OPINION OF AVIATION COUNSEL

To the Parties Named on
Schedule 1 attached hereto

RE: One (1) Airbus model (shown on the IR as) aircraft bearing manufacturer's serial number and U.S. Registration No. N (the "**Airframe**") and two
(2) model (shown on the IR as) aircraft engines bearing manufacturer's serial numbers and (the "**Engines**")

Ladies and Gentlemen:

Acting as special legal counsel in connection with the transactions contemplated by the instruments described below, this opinion is furnished to you with respect to (i) the registration of interests with the International Registry (the "**IR**") created pursuant to, and according to the provisions of, the Convention on International Interests in Mobile Equipment (the "**Convention**"), the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the "**Protocol**"), both signed in Cape Town, South Africa on November 16, 2001, together with the Regulations for the International Registry (the "**Regulations**"), the International Registry Procedures (the "**Procedures**"), and all other rules, amendments, supplements, and revisions thereto (collectively, the "**CTT**"), all as in effect on this date in the United States of America, as a Contracting State, and (ii) the recordation of instruments and the registration of airframes with the Federal Aviation Civil Aircraft Registry (the "**FAA**") under the requirements of Title 49 of the United States Code (the "**Transportation Code**").

Terms capitalized herein and not otherwise defined herein shall have the meanings given in the CTT.

On , we examined and filed with the FAA the following described instruments at the respective times listed below:

- (a) AC Form 8050-2 Aircraft Bill of Sale dated (the "**FAA Bill of Sale**") by Airbus S.A.S., as seller (the "**Seller**"), which conveyed title to the Airframe to Wells Fargo Bank Northwest, National Association, as owner trustee (the "**Owner Trustee**") under the Trust Agreement ([Year] MSN [MSN]) dated as of (the "**Trust Agreement**") between as owner participant and the Owner Trustee, which FAA Bill of Sale was filed at .M., C. .T.;
- (b) AC Form 8050-1 Aircraft Registration Application dated (the "**Aircraft Registration Application**") by the Owner Trustee, with respect to the Airframe, to which was/were attached the Affidavit(s) required by Section 47.7(c)(2)(ii/iii) of the Federal Aviation Regulations (the "**Affidavit(s)**") which Aircraft Registration Application with the Affidavit(s) attached was filed at .M., C. .T.;

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(c) the Trust Agreement was filed at .M., C. .T.; and

(d) Lease Agreement ([Year] MSN [MSN]) dated as of between the Owner Trustee, as lessor, and American Airlines, Inc., as lessee (the “**Lessee**”), with Lease Supplement No. 1 dated between the Owner Trustee, as lessor, and the Lessee covering the Airframe and Engines attached thereto (collectively, the “**Lease**”), which Lease was filed at .M., C. .T.

We have also examined a copy of the Warranty Bill of Sale dated (the “**Warranty Bill of Sale**”) from the Seller conveying title to the Airframe and the Engines to the Owner Trustee.

The interest created by the FAA Bill of Sale and the Warranty Bill of Sale is referred to herein as the “**CTT Sale**”. The interest created by the Lease is referred to herein as the “**CTT Lease Interest**”. The CTT Sale and the CTT Lease Interest are referred to herein collectively as the “**CTT Interests**”.

Based upon our examination of the foregoing instruments and such records of the FAA and the IR as we deemed necessary to render this opinion, it is our opinion that:

1. the Airframe and the Engines constitute Aircraft Objects based upon the Interim Updatable List of Eligible Aircraft Objects compiled by the FAA;
2. the Aircraft Registration Application with the Affidavit(s) attached and the Trust Agreement are in due form for filing and have been duly filed with the FAA pursuant to and in accordance with the Transportation Code;
3. the FAA Bill of Sale and the Lease are in due form for recordation by, and have been duly filed for recordation with, the FAA pursuant to and in accordance with the Transportation Code;
4. the Airframe is eligible for registration by the FAA for purposes of the Transportation Code in the name of the Owner Trustee and the filing with the FAA of the FAA Bill of Sale, the Aircraft Registration Application, the Trust Agreement and the Affidavit(s) will cause the FAA to register the Airframe, in due course, in the name of the Owner Trustee, at which time the FAA will issue an AC Form 8050-3 Certificate of Aircraft Registration in the name of the Owner Trustee, pursuant to and in accordance with the Transportation Code;
5. the owner of the Airframe for registration purposes at the FAA is the Owner Trustee and the Airframe and the Engines are free and clear of liens and encumbrances of record at the FAA except as created by the Lease;
6. the rights of the Owner Trustee, as lessor, and the Lessee under the Lease, with respect to the Airframe and the Engines at the FAA, are perfected;

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7. based upon the Priority Search Certificates obtained from the IR, copies of which are attached hereto as Schedule 2 and incorporated herein by reference:
 - (a) the Airframe and the Engines are subject only to the CTT Lease Interest;
 - (b) the CTT Lease Interest has been duly registered on the IR and constitutes a first priority International Interest in the Airframe and the Engines; and
 - (c) the CTT Sale has been duly registered on the IR and constitutes a Sale with respect to the Airframe and the Engines;
8. the CTT Interests are entitled to the priorities, protections and benefits of the CTT, subject to the statements on Exhibit A attached hereto;
9. no further registration on the IR of the CTT Interests is required under the CTT in order to maintain the effectiveness and priority thereof and no other registration of the Airframe or filings other than filings with the FAA (which have been duly effected) are necessary in order to:
 - (a) maintain the registration of the Airframe in the name of the Owner Trustee, subject to compliance with the provisions of Title 14, Section 47.40 of the Code of Federal Regulations relating to re-registration and renewal of the registration of the Airframe; and
 - (b) maintain the lien and priority of the Lease, with respect to the Airframe and the Engines; and
10. no authorization, approval, consent, license or order of, or registration with, or the giving of notice to, the FAA is required for the valid authorization, delivery and performance of the Trust Agreement and the Lease, except for such filings as are referred to above.

In the event the CTT Interests are not subject to the CTT, then the interests created thereby are governed by the Transportation Code or applicable law.

This opinion is subject to certain comments, limitations and assumptions as listed in Exhibit A attached hereto and incorporated herein by reference.

In rendering this opinion we have relied upon the opinion of the Aeronautical Center Counsel dated , a copy of which is attached hereto.

Very truly yours,

ROBIN D. JENSON
For the Firm

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SCHEDULE 1

American Airlines, Inc., as Lessee

Wells Fargo Bank Northwest, National Association, as Owner Trustee

[Name of Owner Participant], as Owner Participant

[Name of Owner Participant Guarantor], as Owner Participant Guarantor, if applicable

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SCHEDULE 2

[the Priority Search Certificates attached hereto]

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EXHIBIT A
Assumptions and Limitations

In rendering the foregoing opinion we have assumed that:

- (i) the records maintained by the FAA are accurate in all respects;
- (ii) the Priority Search Certificates are accurate in all respects, contain all the registered information and data on the IR in connection with the Airframe and the Engines to which they relate, and have not been altered since the date of such Priority Search Certificates;
- (iii) there have been no registrations made on the IR against the Airframe and the Engines using descriptions which vary from the IR descriptions shown above for the Airframe and the Engines and, for the purposes of this opinion, only the models and serial numbers contained in the IR descriptions of the Airframe and the Engines shown above were utilized for the IR searches;
- (iv) the IR descriptions of the Airframe and the Engines are as noted above and are accurate and complete descriptions with respect to the registrations on the IR;
- (v) at the time the Lease was concluded, the Debtor was situated, pursuant to the CTT, in the United States;
- (vi) the necessary parties under the Lease have given the consents in writing to the registration with the IR of the interests in the Airframe and the Engines created thereby;
- (vii) each of the CTT Interests is effective under applicable local law to constitute an interest, a sale, an assignment or a discharge which is subject to the CTT and registration on the IR;
- (viii) all of the registrations indicated on the Priority Search Certificates are fully and properly constituted and validly created under the CTT;
- (ix) all documents identified in this opinion, all documents in the records maintained by the FAA for the Airframe and the Engines, as well as any registrations on the IR pertaining to the Airframe and the Engines, are valid, enforceable and sufficient under the relevant applicable law or the CTT to create, effect or terminate the rights and interests they purport to create, effect or terminate;

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- (x) in rendering this opinion, we have assumed that:
 - (a) the Owner Trustee qualifies as a “citizen of the United States” as defined in the Transportation Code;
 - (b) the instruments described above are valid and enforceable under applicable local law; and
 - (c) there are no documents with respect to the Airframe or the Engines which have been filed for recordation with the FAA under the FAA’s recording system but which have not yet been listed in the available records of such system as having been so filed;
 - (xi) there has been no subordination or variation of any priority that would be acquired pursuant to the terms of the CTT, in connection with the registrations on the IR evidenced by the Priority Search Certificates other than pursuant to any subordination indicated on the Priority Search Certificates;
 - (xii) the Airframe is not registered under the civil aircraft registry of any other country;
 - (xiii) the Interim Updatable List of Eligible Aircraft Objects compiled by the FAA, insofar as it relates to the Airframe and the Engines, is accurate in all respects;
 - (xiv) the Airframe and the Engines have been accurately described by manufacturer’s name, model and serial number by the parties in the instruments described above; and
 - (xv) the United States Contracting State search certificate description of declarations, withdrawals of declarations and categories of non-consensual rights or interests, as communicated to the Registrar by UNIDROIT as the Depositary as having been declared by the United States, and the date on which each such declaration or withdrawal of declaration is recorded, are accurate in all respects.

In addition, our opinion is subject to the following limitations:

- (i) a search on the IR pursuant to the CTT requires that the searching party enter the exact manufacturer, model or serial number of an airframe or engine being searched using the appropriate drop down boxes, where available, and if a registration has been made on the IR against the Airframe or the Engines which describes the Airframe or the Engines differently (i.e. any space, comma, dash, added number or character, missing number or character, or any other discrepancy whatsoever in the description of the manufacturer, model or serial number) the Priority

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Search Certificates will produce an inaccurate search result; accordingly, there may be registrations on the IR against the Airframe and the Engines which are not reflected on the Priority Search Certificates and which may have priority over subsequent registrations on the IR or filings with the FAA;

- (ii) the opinion relating to the registration of the Airframe with the FAA is issued only as to its current eligibility for registration and not with respect to events which may occur in the future which may affect the continued eligibility for registration;
- (iii) as to matters of United States Citizenship as defined in the Transportation Code, the undersigned has relied upon representations made in the Aircraft Registration Application;
- (iv) because the FAA does not maintain registration records for engines for nationality purposes, we cannot independently verify the owner, make, model, or serial numbers of the Engines;
- (v) in rendering this opinion, we are subject to the accuracy of the FAA, its employees and agents in the filing, indexing, cross-referencing, imaging and recording of instruments filed with the FAA;
- (vi) no opinion is expressed herein as to laws other than the CTT and the Transportation Code;
- (vii) this opinion as to the status of the records of the FAA as to the Airframe covers only that period of time during which the Airframe has been subject to United States Registration;
- (viii) the Lease was filed with the FAA with certain information intentionally omitted from the FAA filing counterpart as containing confidential or proprietary information and we have relied upon the opinion of John H. Cassady, Deputy Chief Counsel of the FAA issued September 16, 1994 (Federal Register/Volume 59, Number 182/September 21, 1994) and the current practices of the FAA with respect to the eligibility of the Lease for recordation with the confidential omissions; and
- (ix) since our examination was limited to records maintained by the FAA and the IR, our opinion:
 - (a) in respect of rights derived from FAA filings, does not cover liens, claims or encumbrances of which the parties have actual notice as contemplated by 49 U.S.C. §44108(a);

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- (b) in respect of rights derived from FAA filings or registrations with the IR, does not cover liens, claims or encumbrances which are perfected without the filing of notice thereof with the FAA or the IR, including without limitation, federal tax liens, liens arising under Section 1368(a) of Title 29 of the United States Code, liens arising under 49 U.S.C. §46304 and certain artisan's liens;
- (c) does not cover liens perfected in foreign jurisdictions, except to the extent applicable law would regulate their priority based on registration with the IR; and
- (d) does not cover any rights to arrest or detain an airframe or an engine under any applicable law.

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FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ([YEAR] MSN [MSN]), dated as of [] (as amended, modified or supplemented from time to time, this “**Agreement**”), among (i) [NAME OF ASSIGNOR], a [jurisdiction] [type of entity] (together with its successors and permitted assigns, “**Assignor**”), (ii) [NAME OF ASSIGNEE], a [jurisdiction] [type of entity] (together with its successors and permitted assigns, “**Assignee**”) and (iii) **AMERICAN AIRLINES, INC.**, a Delaware corporation (together with its successors and permitted assigns, “**Lessee**”).

RECITALS:

1. Reference is made to one Airbus [Model] aircraft bearing the manufacturer’s serial number [MSN] and U.S. Registration No. [Reg. No.] (as more fully described in the Participation Agreement referred to below, the “**Aircraft**”).
2. Assignor and Assignee desire to effect (a) the transfer by Assignor to Assignee of all of the right, title and interest of Assignor (except as reserved below) in and to (i) the Operative Documents, (ii) the Trust Estate and (iii) the proceeds from any of the foregoing and (b) the assumption by Assignee of the obligations of Assignor accruing under the Operative Documents (such transfer and assumption, the “**Assignment and Assumption**”).
3. The Participation Agreement ([YEAR] MSN [MSN]), dated as of [], among Lessee, Assignor, as Owner Participant, and Wells Fargo Bank Northwest, National Association, a national banking association, not in its individual capacity except as expressly provided therein, but solely as Owner Trustee (as amended, modified or supplemented from time to time, the “**Participation Agreement**”) permits such Assignment and Assumption upon satisfaction of certain conditions heretofore or concurrently herewith being complied with.

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

1. Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth, and shall be construed and interpreted in the manner described, in the Participation Agreement.

2. Conditions to Effectiveness; Effective Time.

(a) Prior to the Effective Time or, in the case of subclause [(v)].[(vi)].[(vii)], at the Effective Time:

(i) Assignor or Assignee shall have paid or reimbursed Owner Trustee, Trust Company, Lessee or any other party for any fees, charges or expenses incurred by Owner Trustee, Trust Company, Lessee or any such party in connection with the Assignment and Assumption (including, without limitation the reasonable out-of-pocket expenses of Lessee and its legal fees and expenses);

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(ii) Assignee shall have provided to each of Lessee and Owner Trustee a duly completed and executed original IRS Form []¹ establishing a complete exemption from U.S. federal withholding Taxes with respect to all payments of Rent or other amounts to or for the benefit of Owner Trustee or Owner Participant under the Operative Documents;

(iii) Assignee shall have delivered to each of Lessee and Owner Trustee a legal opinion of [] in accordance with Section 8.2(a) of the Participation Agreement;

(iv) Assignee shall have delivered to each of Lessee and Owner Trustee a certificate of a duly authorized officer of [Assignee/Owner Participant Guarantor] in accordance with Section 8.2(a) of the Participation Agreement;

(v) [Owner Participant Guarantor shall have delivered to each of Lessee and Owner Trustee [describe the Owner Participant Guarantee] in accordance with Section 8.2(a) of the Participation Agreement;]

(vi) [Assignee shall have provided to each of Lessee and Owner Trustee evidence of Assignee's appointment of the process agent as provided in Section 11(c) and of such process agent's acceptance of such appointment;]²; and

(vii) the representations and warranties of Assignor and Assignee made herein shall be correct and accurate in all material respects, in each case as though made on and as of such date, or if such representations and warranties relate solely to an earlier date, as of such earlier date.

(b) Subject to the satisfaction or waiver of the conditions set forth in subsection (a) by the parties hereto, this Agreement shall become effective at [[a.m.] [p.m.]] on [] (the "**Effective Time**").

3. Assignment. Assignor has transferred, and does hereby transfer unto Assignee, as of the Effective Time, all of its present and future right, title and interest in and to the Operative Documents, the Trust Estate, and any proceeds from the foregoing, except such rights of Assignor as have arisen or accrued to Assignor prior to the Effective Time (including specifically, but without limitation, the right to receive any amounts due or accrued to Assignor under the Operative Documents as of a time prior to the Effective Time and the right to receive any indemnity payment pursuant to the Participation Agreement with respect to events occurring prior to such time), in each case subject to the rights of Lessee thereunder.

¹ Insert the applicable IRS form number(s).

² Include if foreign OP; otherwise, insert "[intentionally omitted]".

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4. Assumption. Assignee hereby accepts the Transfer set forth in Section 3 and assumes and undertakes all of the duties and obligations of Assignor whenever accrued (other than duties and obligations of Assignor required to be performed by Assignor prior to the Effective Time under the Operative Documents) pursuant to the Operative Documents, including without limitation, any obligations it may have under any Operative Document with regard to Lessee or Owner Trustee, in each case subject to Lessee's rights thereunder. Assignee hereby confirms that from and after the Effective Time it (a) shall be deemed a party to the Participation Agreement and the Trust Agreement, (b) shall be deemed the party named as the "Owner Participant" for all purposes of the Operative Documents and (c) shall be bound by, and shall perform and observe, all of the terms of each Operative Document (including the agreements and obligations of Assignor set forth therein) as if therein named the Owner Participant. Assignor hereby assumes the risk of any adverse tax or other adverse consequences of the Assignment and Assumption to any party to, or any Indemnified Person or Tax Indemnitee under, any of the Operative Documents (other than Assignee). Based on the terms and conditions of this Agreement and the representations, warranties and covenants of Assignor and Assignee contained herein, Lessee agrees that from and after the Effective Time Assignee shall be deemed the party named as the "Owner Participant" for all purposes of the Operative Documents.

5. Release of Assignor. Assignor will remain liable for the duties, obligations and liabilities of the "Owner Participant" under the Operative Documents except for the duties, obligations and liabilities expressly assumed by Assignee under Section 4. Except as provided in the preceding sentence, Assignor shall be relieved of all of its duties, obligations and liabilities under the Operative Documents; provided that Assignor shall in no event be released from any such duty, obligation or liability (i) arising or relating to any event occurring prior to the Effective Time, (ii) on account of any breach by Assignor of any of its representations, warranties, covenants or obligations contained herein or in any Operative Document or any other Assumption Agreement, or for any fraudulent or willful misconduct engaged in by Assignor, (iii) that relates to any indemnity claimed by Assignor or (iv) relating to or arising out of any Lessor's Lien attributable to Assignor.

6. Appointment as Attorney-in-Fact. In furtherance of the assignment set forth in Section 3, Assignor hereby constitutes and appoints Assignee the true and lawful attorney of Assignor, with full power of substitution, in the name of Assignee or in the name of Assignor but on behalf of and for the benefit of and at the expense of Assignee, to collect for the account of Assignee all items sold, transferred or assigned to Assignee pursuant hereto; to institute and prosecute, in the name of Assignor or otherwise, but at the expense of Assignee, all proceedings that Assignee may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the items sold, transferred or assigned; to defend and compromise at the expense of Assignee any and all actions, suits or proceedings as to title to or interest in any of the property acquired by Assignee; and to do all such acts and things in relation thereto at the expense of Assignee as Assignee shall reasonably deem advisable. Assignor hereby acknowledges that this appointment is coupled with an interest and is irrevocable by Assignor in any manner or for any reason.

7. Payments. Assignor hereby covenants and agrees to pay over to Assignee, if and when received following the Effective Time, any amounts (including any sums payable as interest in respect thereof) paid to or for the benefit of Assignor that, under Section 3, belong to Assignee, and Assignee hereby covenants and agrees to pay over to Assignor, if and when received following the Effective Time, any amounts (including any sums payable as interest in respect thereof) paid to or for the benefit of Assignee that, under Section 3, belong to Assignor.

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8. Representations and Warranties of Assignor. Assignor represents and warrants that:

(a) Assignor is [type of entity] duly organized, validly existing and in good standing under the laws of [jurisdiction of organization] and has the [corporate] power and authority to own or hold under lease its properties, to carry on its business and operations and to enter into and perform its obligations under this Agreement.

(b) The execution, delivery and performance by Assignor of this Agreement have been duly authorized by all necessary [corporate] action on the part of Assignor, do not require any [stockholder] approval or approval or consent of any trustee or holder of indebtedness or obligations of Assignor, except such as have been duly obtained, or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of Assignor under, any indenture, mortgage, contract or other agreement to which Assignor is a party or by which Assignor or its properties is or are bound or affected. The execution, delivery and performance by Assignor of this Agreement do not and will not violate the [organizational documents] of Assignor or any current law, governmental rule, regulation, judgment or order binding on Assignor (including, without limitation, any such law, rule, regulation, judgment or order relating to money-laundering, anti-corruption or export control or imposing economic sanctions).

(c) Neither the execution and delivery by Assignor of, nor the performance by Assignor of its obligations under, nor the consummation by Assignor of the transactions contemplated in, this Agreement requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of any [jurisdiction of organization] governmental authority having jurisdiction.

(d) This Agreement has been duly executed and delivered by Assignor and constitutes the legal, valid and binding obligation of Assignor enforceable against Assignor in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

(e) There are no pending or, to Assignor's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the ability of Assignor to perform its obligations under this Agreement or the Operative Documents.

(f) Neither Assignor nor any Person authorized to act on its behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any other applicable securities law.

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(g) At the Effective Time, there are no Lessor's Liens attributable to Assignor.

(h) No Person acting on behalf of Assignor is or will be entitled to any broker's fee, commission or finder's fee in connection with any transaction contemplated by this Agreement or the Operative Documents.

(i) The Assignment and Assumption (1) does not violate the Transportation Code, the Securities Act or any other Law (including, without limitation, ERISA, any laws or regulations imposing U.S. economic sanctions measures or any orders or licenses issued thereunder), or create a relationship that would be in violation thereof, (2) does not result in a "prohibited transaction" under Section 4975 of the Code, (3) does not adversely affect the registration of the Aircraft in the name of Owner Trustee with the FAA (or the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States), (4) will not subject Lessee to any additional regulation under, or require Lessee to give any notice to, register with, make any filings with or take any other action in respect of, any governmental authority or agency of any jurisdiction, (5) does not require registration under the Securities Act or any foreign securities laws, require qualification of an indenture under the Trust Indenture Act, or require Lessee to sign any registration statement, (6) unless Lessee consents, the Transfer contemplated hereby does not involved a Rule 144A, Regulation S or other capital markets or equity syndication transaction not described in the immediately preceding clause (5), and (7) does not result in, or involve, incurrence by Lessee of any indebtedness for accounting purposes (it being understood that, if any change in the lease accounting standards applicable to Lessee requires that Lessee, independently of the Transfer contemplated hereby, capitalize its leases, including the Lease, in Lessee's books, such capitalization of the Lease is not intended to constitute, and shall not be construed as, incurrence by Lessee of any indebtedness for accounting purposes within the meaning of this clause (7)).

(j) Assignor has fully performed all of its obligations under the Operative Documents, which obligations by their terms are required to be satisfied or performed prior to the Effective Time or prior to the consummation of the transactions contemplated hereby.

9. Representations and Warranties of Assignee. Assignee represents and warrants that:

(a) Assignee is [type of entity] duly organized, validly existing and in good standing under the laws of [jurisdiction of organization] and has the [corporate] power and authority to own or hold under lease its properties, to carry on its business and operations, to enter into and perform its obligations under this Agreement and to perform its obligations under the Operative Documents to which it is or will be a party.

(b) The execution, delivery and performance by Assignee of this Agreement, and the performance by Assignee of the Operative Documents to which it is or will be party, have been duly authorized by all necessary [corporate] action on the part of Assignee, do not require any [stockholder] approval or approval or consent of any trustee or holder of indebtedness or obligations of Assignee, except such as have been duly obtained, or violate or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than

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as permitted under the Operative Documents) upon the property of Assignee under, any indenture, mortgage, contract or other agreement to which Assignee is a party or by which Assignee or its properties is or are bound or affected. The execution, delivery and performance by Assignee of this Agreement and the performance by Assignee of the Operative Documents to which it is or will be party and the acquisition by Assignee of its interest in the Trust Estate (and the rights related thereto) do not and will not violate the [organizational documents] of Assignee or any current law, governmental rule, regulation, judgment or order binding on Assignee (including, without limitation, any such law, rule, regulation, judgment or order relating to money-laundering, anti-corruption or export control or imposing economic sanctions).

(c) Neither the execution and delivery by Assignee of this Agreement, nor the performance by Assignee of its obligations under, nor the consummation by Assignee of the transactions contemplated in, this Agreement and the Operative Documents to which Assignee is or will be a party, requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of any [jurisdiction of organization] governmental authority having jurisdiction.

(d) This Agreement has been duly executed and delivered by Assignee and constitutes, and each Operative Document to which Assignee will be a party will constitute, the legal, valid and binding obligation of Assignee enforceable against Assignee in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

(e) There are no pending or, to Assignee's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency which would materially adversely affect the ability of Assignee to perform its obligations under this Agreement or any Operative Document to which it is or will be a party.

(f) Neither Assignee nor any Person authorized to act on its behalf has directly or indirectly offered any interest in the Trust Estate or the Trust Agreement or any similar security to, or solicited any offer to acquire any of the same from, any Person in violation of the registration requirements of the Securities Act or any other applicable securities law.

(g) At the Effective Time, there are no Lessor's Liens attributable to Assignee, and the execution, delivery and performance of this Agreement will not result in any Lessor's Lien attributable to Assignee.

(h) Either (i) Assignee is a Citizen of the United States or (ii) the Trust Agreement is in a form that permits the Aircraft to be registered with the FAA in the name of Owner Trustee (without regard to any provision of applicable law that permits FAA registration of an aircraft by limiting its location and usage but with regard to voting trust provisions and provisions delegating certain control rights to the Owner Trustee), notwithstanding the failure of Assignee to be a Citizen of the United States.

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(i) Assignee is not an airline or other commercial operator of aircraft, freight forwarder, or any other company directly or indirectly engaged in the business of passenger, cargo, freight or parcel transportation, or any Affiliate thereof.

(j) Either (a) no part of the funds to be used by Assignee to make and hold its investment pursuant to this Agreement directly or indirectly constitutes assets of any “employee benefit plan” (as defined in Section 3(3) of ERISA) or of any “plan” (as defined in Section 4975(e) of the Code) or (b) its purchase and holding of its interest in the Trust Estate and its investment pursuant to this Agreement are exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to one or more prohibited transaction statutory or administrative exemptions.

(k) Assignee is a Qualifying Institution (as such term is defined in Section 8.2(a)(ii) of the Lease) (or a parent corporation of the Assignee which qualifies as a Qualifying Institution shall have executed and delivered to Lessee a guaranty substantially in the form of Exhibit G to the Participation Agreement or otherwise in form and substance reasonably satisfactory to Lessee).

(l) The Assignment and Assumption (1) does not violate the Transportation Code, the Securities Act or any other Law (including, without limitation, ERISA, any laws or regulations imposing U.S. economic sanctions measures or any orders or licenses issued thereunder), or create a relationship that would be in violation thereof, (2) does not result in a “prohibited transaction” under Section 4975 of the Code, (3) does not adversely affect the registration of the Aircraft in the name of Owner Trustee with the FAA (or the aeronautical authority of the country of registry of the Aircraft if the Aircraft is not registered under the laws of the United States), (4) will not subject Lessee to any additional regulation under, or require Lessee to give any notice to, register with, make any filings with or take any other action in respect of, any governmental authority or agency of any jurisdiction, (5) does not require registration under the Securities Act or any foreign securities laws, require qualification of an indenture under the Trust Indenture Act, or require Lessee to sign any registration statement, (6) unless Lessee consents, the Transfer contemplated hereby does not involve a Rule 144A, Regulation S or other capital markets or equity syndication transaction not described in the immediately preceding clause (5), and (7) does not result in, or involve, incurrence by Lessee of any indebtedness for accounting purposes (it being understood that, if any change in the lease accounting standards applicable to Lessee requires that Lessee, independently of the Transfer contemplated hereby, capitalize its leases, including the Lease, in Lessee’s books, such capitalization of the Lease is not intended to constitute, and shall not be construed as, incurrence by Lessee of any indebtedness for accounting purposes within the meaning of this clause (7)).

(m) [Assignee is a domestic [corporation][partnership] for U.S. federal income tax purposes.]³

³ If Assignee is a foreign entity, replace with language to the following effect: “Assignee is (x) taxed as a [corporation] for U.S. federal income tax purposes, (y) a corporation resident in [] for [] tax purposes [(by virtue of being managed and controlled in [])] and (z) a resident of [] within the meaning of the income tax convention between [] and the United States (the “**Treaty**”) and fully eligible for the benefits of the [“Business Profits”] [“Industrial or Commercial Profits”], “Interest” and “Other Income” articles of the Treaty with respect to all payments under the Lease and the other transaction documents and all income of Lessor with respect thereto.” If a foreign Assignee is tax-transparent, add similar language regarding its owners. In addition, a foreign Assignee will need to provide an opinion or representation substantially to the following effect: “Under applicable Law in effect at the Effective Time, assuming the Aircraft is not located or used by Lessee or any sublessee of Lessee at or after the Effective Time in [Assignee’s country] and neither Lessee, Owner Trustee nor Trust Company is acting, or has acted, under the Operative Documents through an office or other fixed place of business or an agent in [Assignee’s country], neither Lessee nor Owner Trustee will be required to charge, withhold or otherwise collect any sales, stamp, value added or similar Tax imposed by [Assignee’s country], or any political subdivision thereof, with respect to the Operative Documents or any Rent payable at or after the Effective Time.”

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10. Certain Agreements.

(a) Assignee agrees that, except as expressly permitted by Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing, notwithstanding anything herein or in any Operative Document to the contrary, neither it nor any Person claiming by, through or under it shall take or cause to be taken any action inconsistent with Lessee's rights under the Lease and Lessee's right to quiet enjoyment of the Aircraft, the Airframe, any Engine or any Part, or otherwise in any way interfere with or interrupt the use, operation and continuing possession of the Aircraft, the Airframe, any Engine or any Part by Lessee or any sublessee, assignee or transferee under any sublease, assignment or transfer then in effect and permitted by the terms of the Lease.

(b) Notwithstanding anything to the contrary contained herein or in the Operative Documents, each of Assignor and Assignee hereby agrees, for the benefit of Lessee, that as determined at the Effective Time none of Lessee's obligations, responsibilities, liabilities, costs and risks in the use and operation of the Aircraft or under, relating to or in respect of the Operative Documents or otherwise, including, without limitation, under or in respect of any of Lessee's payment or indemnity obligations, shall be increased or altered, and none of Lessee's rights and benefits under any Operative Document shall be diminished, as a result of or in connection with the Assignment and Assumption or any aspect thereof or any other transaction relating thereto (it being acknowledged that an increase in the number of indemnitees shall not, of itself, constitute an increase in Lessee's obligations under the Operative Documents).

11. Miscellaneous.

(a) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

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

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(c) THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK. [Assignee irrevocably designates and appoints [name of process agent] as process agent to receive for it and on its behalf service of process in any proceedings arising hereunder or under any other Operative Document to which it is a party. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.]⁴

(d) To the extent that Assignee or any of its properties has or may hereafter acquire any right of immunity, whether characterized as sovereign immunity or otherwise, and whether under the United States Foreign Sovereign Immunities Act of 1976 (or any successor legislation) or otherwise, from any legal proceedings, whether in the United States or elsewhere, to enforce or collect upon any Operative Documents to which it is a party, including, without limitation, immunity from suit or service of process, immunity from jurisdiction or judgment of any court or tribunal or execution of a judgment, or immunity of any of its property from attachment prior to any entry of judgment, or from attachment in aid of execution upon a judgment, Assignee hereby irrevocably and expressly waives any such immunity, and agrees not to assert any such right or claim in any such proceeding, whether in the United States or elsewhere.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

⁴ Include only if Assignee is a foreign entity.

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IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be duly executed as of the day and year first above written.

[NAME OF ASSIGNOR]

By:
Name:
Title:

[NAME OF ASSIGNEE]

By:
Name:
Title:

Accepted and Agreed:
AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

EXHIBIT F

FORM OF BUYER FURNISHED EQUIPMENT BILL OF SALE

Know all persons by these presents that American Airlines, Inc., a corporation organized and existing under the laws of the State of Delaware, and having its chief executive office at 4333 Amon Carter Blvd., Ft. Worth, TX 76155 (“**Seller**”), was this [day] [month] [year] the owner of the title to the equipment listed on Annex A hereto and all appliances, components, parts, instruments, appurtenances, accessories, furnishings, modules and other equipment of any nature, incorporated therein, installed thereon or attached thereto on the date hereof (the “**BFE**”). The Seller does this day of [month] [year], grant, convey, bargain, sell, transfer, deliver and set over all of its rights, title and interest in and to the BFE to the following entity and to its successors and assigns forever, such BFE to be the property thereof:

[Insert Name/Address of OT]

(the “**Buyer**”)

The Seller hereby warrants to the Buyer, its successors and assigns that it has good and lawful right to sell, deliver and transfer title to the BFE to the Buyer and that there is hereby conveyed to the Buyer good, legal and valid title to the BFE, free and clear of all liens, claims, charges, encumbrances and rights of others and that the Seller will warrant and defend such title forever against all claims and demands whatsoever.

This Warranty Bill of Sale will be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its duly authorized representative this day of [month], [year] in [Blagnac/Hamburg].

AMERICAN AIRLINES, INC.

By:

Name:

Title:

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EXHIBIT F

**ANNEX A
TO
BFE BILL OF SALE**

EXHIBIT F

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LA 1 – Participation Agreement

[Guarantee ([Year] MSN [MSN])]

EXHIBIT G

FORM OF OWNER PARTICIPANT GUARANTEE

GUARANTEE ([YEAR] MSN [MSN])

dated as of •, 20•

by

[NAME OF OWNER PARTICIPANT GUARANTOR]

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GUARANTEE

GUARANTEE dated as of [•], 20[•] by [OWNER PARTICIPANT GUARANTOR], a [FORM OF ENTITY] organized and existing under the laws of [JURISDICTION] (together with its successors and assigns, “**Guarantor**”), for the benefit of the parties listed in Exhibit A attached hereto (together with their respective successors and assigns, the “**Beneficiaries**”).

WHEREAS, [OWNER PARTICIPANT], a [FORM OF ENTITY] organized and existing under the laws of [JURISDICTION] (together with its successors and assigns, the “**Owner Participant**”) is majority-owned subsidiary of Guarantor;

WHEREAS, Guarantor derives substantial benefit from the Owner Participant entering into the transactions contemplated by the OP Documents;

WHEREAS, American Airlines, Inc. (“**American**”), as lessee, the Owner Participant and Wells Fargo Bank Northwest, National Association, a national banking association, not in its individual capacity except as expressly provided herein, but solely as owner trustee, as lessor (“**Lessor**”), entered into a Participation Agreement ([YEAR] MSN [MSN]), dated as of the date hereof (as may be amended, supplemented or otherwise modified from time to time in accordance with its terms, the “**Participation Agreement**”);

WHEREAS, American and Lessor entered into a Lease Agreement ([YEAR] MSN [MSN]) dated as of the date hereof (as may be amended, supplemented or otherwise modified from time to time in accordance with its terms, the “**Lease**”);

[WHEREAS, substantially contemporaneously herewith, the Owner Participant and the Beneficiary are entering into a Lessee Consent and Agreement ([YEAR] MSN [MSN]), dated as of the date hereof (as may be amended, supplemented or otherwise modified from time to time in accordance with its terms, the “**Lessee Consent**”), among Lessor, the Owner Participant, the Beneficiary and the other parties named therein;]

WHEREAS, it is a condition to the Lessee’s obligation to enter into the transactions contemplated by the Participation Agreement that Guarantor agrees to guarantee the obligations of the Owner Participant in each of the Operative Documents executed or to be executed by the Owner Participant or by which the Owner Participant is bound (such Operative Documents, [together with the Lessee Consent,]²in each case, as amended, modified or supplemented from time to time, being referred to herein as the “**OP Documents**”);

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

- ¹ Insert if there is a contemporaneous leveraging transaction.
- ² *Id.*

Section 1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings given them in Annex A to the Lease.

Section 2. Affirmation of Representations and Warranties under OP Documents. Guarantor hereby represents and warrants to the Beneficiaries that all of the representations and warranties of the Owner Participant contained in the OP Documents are true and correct as of the date hereof.

Section 3. Guarantee.

3.1 **Guarantee of Obligations under OP Documents.** Guarantor irrevocably and unconditionally guarantees to the Beneficiaries the due and punctual performance of and compliance with all covenants, agreements, terms and conditions of each of the OP Documents required to be performed or complied with by the Owner Participant (including, without limitation, in the case of a Back-Leveraging Transaction, the Owner Participant's representations, warranties and covenants described in Section 8.3.1(b) of the Participation Agreement and compliance of the applicable Back-Leveraging Transaction with the terms of Section 8.3 of the Participation Agreement) (all such payment obligations and other covenants, agreements, terms and conditions, being referred to herein as the "**Obligations**"). In case the Owner Participant shall fail to perform or comply with any Obligation, Guarantor will forthwith perform and comply with such Obligation or cause the same forthwith to be performed or complied with, and, in case the Owner Participant shall fail to pay or perform duly and punctually any Obligation required to be made or performed by the Owner Participant under any OP Document when and as the same shall be due and payable, or required to be performed, as the case may be, in accordance with the terms of such OP Document, Guarantor will immediately pay or perform, as the case may be, the same to the Person entitled thereto and in addition, pay such further amount, if any, as shall be sufficient to cover all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Beneficiaries in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting any or all of the Obligations.

3.2 **Unconditional Obligations.** The guarantee by Guarantor contained in Section 3.1 hereof is a primary obligation of Guarantor and is an unconditional, absolute, present and continuing obligation and is not conditioned in any way upon the institution of suit or the taking of any other action with respect to the representations and warranties of the Owner Participant contained in any OP Document or any attempt to enforce performance of or compliance with the Obligations (including, without limitation, any payment obligations). To the extent that performance or compliance with the guarantee by Guarantor contained in Section 3.1 hereof requires the payment of money, such guarantee is an absolute, unconditional, present and continuing guarantee of payment and not of collectability and is in no way conditioned or contingent upon the validity, or enforceability of any OP Document or any of the Obligations or any collateral security, other guarantee, if any, or credit support therefor or any attempt to collect from the Owner Participant or any other entity or to perfect or enforce any security or upon any other condition or contingency or upon any other action, occurrence or circumstance whatsoever. Such guarantee shall continue to be effective, or be reinstated, as the case may be, if at any time payment, in whole or in part, of any of the sums due to any of the Beneficiaries pursuant to the

terms of any OP Document is rescinded or must otherwise be restored or returned upon the bankruptcy, insolvency, reorganization, arrangement, adjustment, composition, dissolution, liquidation, or the like, of the Owner Participant or Guarantor, or upon or as a result of, the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Owner Participant or Guarantor or any substantial part of their respective property, or otherwise, all as though such payment had not been made notwithstanding any termination of this Guarantee or any OP Document. Guarantor shall not commence against the Owner Participant any “case” (as defined in Title 11 of the United States Code, the “**Bankruptcy Code**”) under the Bankruptcy Code or any similar proceeding under any state insolvency, bankruptcy or similar statute.

3.3 Guarantor’s Obligations Not Affected. The obligations of Guarantor under this Guarantee shall remain in full force and effect without regard to, and shall not be impaired or affected by:

3.3.1 any extension, indulgence or renewal in respect of the payment of any amount payable, or the performance of any Obligation; or

3.3.2 any amendment or modification of or addition or supplement to or deletion from any of the terms of any OP Document, or any other agreement (including, without limitation, any collateral security, other guarantee, if any, or other credit support or right of offset with respect thereto) which may be made relating to any OP Document or any Obligation; or

3.3.3 any compromise, waiver, release or consent or other action or inaction in respect of any of the terms of any OP Document, or any other agreement (including, without limitation, any collateral security, other guarantee, if any, or other credit support or right of offset with respect thereto) which may be made relating to any OP Document or any Obligation; or

3.3.4 any exercise or non-exercise by any of the Beneficiaries of any right, power, privilege or remedy under or in respect of this Guarantee or any OP Document, or any waiver of any such right, power, privilege or remedy or of any default in respect of this Guarantee or any OP Document or any guarantee or other agreement executed pursuant hereto, or any receipt of any security or any release of any security; or

3.3.5 any bankruptcy, insolvency, reorganization, arrangement, adjustment, composition, dissolution, liquidation, or the like, of the Owner Participant, Guarantor or any other Person; or

3.3.6 any limitation of the liability of the Owner Participant under the terms of any OP Document which may now or hereafter be imposed by any statute, regulation or rule of law; or

3.3.7 any merger or consolidation of the Owner Participant or Guarantor into or with any other person or entity, or any sale, lease or transfer of any or all of the assets of the Owner Participant or Guarantor to any other person or entity; or

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3.3.8 any indebtedness of the Owner Participant to any person or entity, including Guarantor; or

3.3.9 any claim, set-off, deduction or defense Guarantor or the Owner Participant may have against any of the Beneficiaries, whether hereunder or under any OP Document or independent of or unrelated to the transactions contemplated by the OP Documents; or

3.3.10 any change in law; or

3.3.11 absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing subdivisions (a) through (j); or

3.3.12 any sale, transfer or other disposition by the Owner Participant of any right, title or interest in and to any OP Document or the Aircraft; or

3.3.13 any other circumstance whatsoever, whether similar or dissimilar to the foregoing, whether foreseen or unforeseen, that might otherwise constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or that might otherwise limit recourse against Guarantor. No obligations of the Owner Participant are affected hereby.

3.4 Waiver. Guarantor unconditionally waives, to the fullest extent permitted by Law, (a) notices of the creation of any Obligation under the OP Documents or any of the matters referred to in Section 3.3 hereof or any notice of or proof of reliance by any of the Beneficiaries upon this Guarantee or acceptance of this Guarantee (the Obligations shall conclusively be deemed to have been created, contracted, incurred or renewed, extended, amended or waived in reliance upon this Guarantee and all dealings between the Owner Participant or Guarantor and any Beneficiary shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee), (b) all notices which may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights of any of the Beneficiaries against Guarantor, including, without limitation, any demand, presentment and protest, proof of notice of non-payment under any OP Document, and notice of default or any failure on the part of the Owner Participant to perform and comply with any Obligation, (c) any right to the enforcement, assertion or exercise by any of the Beneficiaries of any right, power, privilege or remedy conferred herein or in any OP Document or otherwise, (d) any requirement of promptness or diligence on the part of any of the Beneficiaries, or (e) any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge, release or defense of a guarantor or surety, or which might otherwise limit recourse against Guarantor.

3.5 Waiver of Rights of Subrogation and Contribution. Guarantor will not assert any right to which it may become entitled, whether by subrogation, contribution or otherwise, against the Owner Participant or any of its properties, by reason of the performance by Guarantor of its obligations under this Agreement, nor shall Guarantor seek or be entitled to seek any reimbursement from the Owner Participant in respect of payments made by Guarantor until such time as all of the Obligations of the Owner Participant under the OP Documents shall be duly and fully performed.

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3.6 Payments. Guarantor hereby guarantees that all payments hereunder shall be paid without set-off, counterclaim, deduction or withholding (or, if there is any such deduction or withholding for Taxes, Guarantor hereby agrees to pay additional amounts such that Guarantor bears such Taxes), and shall be made in U.S. Dollars; provided, that such Beneficiary shall have provided Guarantor with any withholding form, certificates or documents that such Beneficiary is legally entitled to provide if necessary or advisable to reduce or eliminate such withholding taxes, provided, however, that no Beneficiary shall be required to deliver such form, certificates or documents to reduce or eliminate any withholding taxes imposed by any non U.S. jurisdiction as a result of payments being made from, or Guarantor's or Owner Participant's connection with, such jurisdiction unless (x) Guarantor shall have provided to such Beneficiary timely notice of the requirement for such documentation, (y) such Beneficiary determines in good faith that it would suffer no risk of adverse consequences by providing the applicable form, and (z) Guarantor has agreed to pay, and does pay after demand therefor, on an After-Tax Basis, all costs and expenses incurred by such Beneficiary in providing the applicable form. If any payment of Guarantor hereunder is converted into a claim, proof, judgment or order in a currency other than Dollars, Guarantor will indemnify the Beneficiaries as an independent obligation against any loss arising out of or as a result of such receipt or conversion.

Section 4. Representations, Warranties and Covenants of Guarantor.

4.1 Representations and Warranties of Guarantor. As of the date hereof, Guarantor hereby represents and warrants that: (a) it is a [FORM OF ENTITY] duly organized and validly existing under the laws of [JURISDICTION] and has the corporate power and authority to carry on its present business and operations, to own or hold under lease its properties and to enter into and perform its obligations under this Guarantee, and this Guarantee has been duly authorized, executed and delivered by it and is legal, valid and binding on it and is enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity; (b) the execution and delivery by Guarantor of this Guarantee and compliance by it with all of the provisions hereof do not and will not contravene any Law or any order of any court or governmental authority or agency applicable to or binding on it or contravene the provisions of, or constitute a default under, [its certificate of incorporation or by-laws] or any indenture, mortgage, contract or any agreement or instrument to which it is a party or by which it or any of its property may be bound or affected; (c) no authorization or approval or other action by, and no notice to or filing with, any [jurisdiction of organization] governmental authority having authority over Guarantor or its assets is required for the due execution, delivery or performance by it of this Guarantee; (d) there are no pending or threatened actions or proceedings before any court or administrative agency which would materially adversely affect its ability to perform its obligations under this Guarantee; (e) the Owner Participant is a majority-owned subsidiary of Guarantor; and (f) Guarantor is a Qualifying Institution.

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4.2 Covenants of Guarantor. For so long as the Owner Participant is a party to the OP Documents:

4.2.1 Guarantor agrees that it will not impair Owner Participant's ability to perform its obligations under the OP Documents; and

4.2.2 Guarantor agrees to comply with the terms and conditions of Section 10.4 of the Participation Agreement with respect to any Confidential Information.

Section 5. Costs and Expenses. Guarantor will pay all reasonable costs and expenses (including, without limitation, reasonable legal fees and expenses) incurred by or on behalf of any of the Beneficiaries in connection with the enforcement of Guarantor's obligations under this Guarantee.

Section 6. Survival of Representations, Warranties and Agreements. The representations, warranties and agreements of Guarantor contained herein shall survive the execution and delivery of this Guarantee and the consummation of the transactions contemplated hereby and by the Operative Documents.

Section 7. Notices, etc. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents or waivers required or permitted under the terms and provisions of this Guarantee shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, postage prepaid, overnight courier service or facsimile, and any such notice shall be effective when received (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) and addressed, (a) if to Guarantor, at • or at such other address as Guarantor shall from time to time designate in writing to American, (b) if to American, at 4333 Amon Carter Boulevard, Mail Drop 5662, Ft. Worth, Texas 76155, Attention: Treasurer, Fax: (817) 967-4318, Tel: (817) 963-1234 or at such other address as American shall from time to time designate in writing to Guarantor, or (c) if to the Lessor, at • or at such other address as the Lessor shall from time to time designate in writing to Guarantor

Section 8. Amendments and Waivers. Neither this Guarantee nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by Guarantor and the Beneficiaries.

Section 9. Severability of this Guarantee. Any provision of this Guarantee which is prohibited and unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10. Miscellaneous. This Guarantee shall remain in full force and effect until payment in full of all sums payable hereunder under the OP Documents, and performance in full of all obligations of Guarantor hereunder, it being understood that upon the transfer of the Owner Participant's interest pursuant to the terms of the OP Documents, subject to the payment in full of all sums due and payable hereunder and performance in full of all obligations of Guarantor hereunder and subject to such transfer complying with Section 8.2 of the Participation Agreement, this Guarantee shall terminate. This Guarantee constitutes the entire agreement and

supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. The index preceding this Guarantee and the headings of the various Sections of this Guarantee are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. The terms of this Guarantee shall be binding upon the successors of Guarantor, and shall inure to the benefit of the Beneficiaries and their successors and permitted assigns. Guarantor hereby irrevocably submits to the nonexclusive jurisdiction of each of the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York, and other courts with jurisdiction to hear appeals from such court and other courts with jurisdiction to hear appeals from such court for the purposes of any suit, action or other proceeding arising out of this Guarantee, the subject matter hereof or any of the transactions contemplated hereby. **THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS GUARANTEE IS BEING DELIVERED IN THE STATE OF NEW YORK.**

Section 11. Agent for Service of Process. Guarantor agrees that its designated agent for service of process relating to any proceedings arising out of or connected with this Guarantee is •. Guarantor agrees that service of process in any action or proceeding described in Section 10 may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such agent for service of process at its address referred to in the first sentence of this Section 11. Guarantor, by notice to the Beneficiaries, may designate a different agent and address for subsequent service of process; provided that Guarantor will take all action, including the filing of any and all documents and instruments, as may be necessary so that it shall at all times have an agent for service of process for the above purposes in the County of New York, State of New York. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.]³

Section 12. Time of the Essence. The time stipulated in this Guarantee for all payments by Guarantor to any of the Beneficiaries and for prompt, punctual performance of Guarantor's obligations under this Guarantee shall be of the essence for this Guarantee.

Section 13. Waiver of Immunity. To the extent that Owner Participant or any of its properties has or may hereafter acquire any right of immunity, whether characterized as sovereign immunity or otherwise, and whether under the United States Foreign Sovereign Immunities Act of 1976 (or any successor legislation) or otherwise, from any legal proceedings, whether in the United States or elsewhere, to enforce or collect upon any Operative Documents to which it is a party, including, without limitation, immunity from suit or service of process, immunity from jurisdiction or judgment of any court or tribunal or execution of a judgment, or immunity of any of its property from attachment prior to any entry of judgment, or from attachment in aid of execution upon a judgment, Owner Participant hereby irrevocably and expressly waives any such immunity, and agrees not to assert any such right or claim in any such proceeding, whether in the United States or elsewhere.

³ Include if Guarantor is foreign.

[Guarantee ([Year] MSN [MSN])]

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be duly executed by its duly authorized officer as of the day and year first above written.

[GUARANTOR]

By: _____

Title:

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EXHIBIT A

BENEFICIARIES

American Airlines, Inc., as Lessee (and its successors and permitted assigns)

Wells Fargo Bank Northwest, National Association, Owner Trustee and Lessor (and its successors and permitted assigns)

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EXHIBIT H

FORM OF ENGINE WARRANTY AGREEMENT

THIS ENGINE WARRANTY ASSIGNMENT AGREEMENT (the "Assignment Agreement") dated as of , 201 is made by and between American Airlines, Inc., a corporation organized under the laws of Delaware (the "Assignor"), and Wells Fargo Bank Northwest, National Association, not in its individual capacity, but solely as Owner Trustee (the "Assignee"). Unless the context otherwise requires, terms which are capitalized but not otherwise defined herein shall have the meaning given to them in the General Terms Agreement or Lease, as applicable, such terms being as themselves herein defined.

WITNESSETH:

WHEREAS:

- (A) The Assignor and the Engine Manufacturer are parties to the General Terms Agreement providing, among other things, for product support, including warranties for the support, of the engines covered thereby, including the Engines, and related equipment given to the Assignor by the Engine Manufacturer;
- (B) The Assignor has agreed to transfer all of its right, title and interest in and to the Aircraft, including the Engines, to the Assignee pursuant to the Participation Agreement ([Year] MSN [MSN]);
- (C) The Assignee has agreed to lease the Aircraft, including the Engines, to the Assignor pursuant to the Lease;
- (D) The Assignee wishes to acquire certain rights and interest in and to warranties relating to the Engines, and the Assignor, on the terms and conditions hereinafter set forth, is willing to assign to the Assignee such rights and interests of the Assignor in and to such warranties, and the Assignee is willing to accept such assignment, as hereinafter set forth; and
- (E) The Engine Manufacturer is willing to execute and deliver to the Assignee the Engine Consent and Agreement in substantially the form of the Schedule 1 hereto (the "Engine Consent and Agreement").

NOW, THEREFORE, in consideration of the mutual covenants herein contained and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

For all purposes of this Assignment Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

“Aircraft” shall mean one Airbus Model A319-100 Aircraft bearing manufacturer’s serial number , including the Engines installed on such Aircraft.

“Engine” shall mean each of the CFM56-5B engines bearing manufacturer’s serial numbers and .

“Engine Manufacturer” shall mean CFM International, Inc., a Delaware corporation.

“Event of Default” has the meaning given to such term in the Lease.

“General Terms Agreement” shall mean the General Terms Agreement dated as of November 18, 2011 between the Engine Manufacturer and the Assignor, insofar as such General Terms Agreement relates to the Engines, as heretofore amended, modified or supplemented, excluding all letter agreements thereto, except as otherwise set forth herein.

“Lease” means the Lease Agreement ([Year] MSN [MSN]) dated as of , 201 and entered into between the Assignor and the Assignee, whereby the Assignee has agreed to lease the Engines to the Assignor.

“Letter Agreement No. 2” or “LA2” means Letter Agreement No. 2 to the General Terms Agreement dated November 18, 2011 between the Engine Manufacturer and the Assignor, related to warranties and product support regarding the Engines.

“Participation Agreement” means the Participation Agreement ([Year] MSN [MSN]) dated as of , 201 and entered into among Assignor, Assignee and the Owner Participant named therein, whereby the Assignee has agreed to lease to the Assignor and the Assignor has agreed to lease the Engines from the Assignee.

“Warranties” means, solely with respect to each Engine, and each Module and Product related to such Engine, Engine Manufacturer’s New Engine Standard Warranty, Reconditioning Alternative, New Parts Standard Part Warranty, Ultimate Life Warranty, Standard Ultimate Life Warranty Parts Credit Allowance, Campaign Change Warranty, Warranty for Special Tools and Ground Equipment, Warranty Pass-On, Vendor Back-Up Warranty and Vendor Interface Warranty as set forth in the Engine Warranty Plan, paragraphs A.2, A.3, B.2., C.1., C.2.b., D, E, F, G, and H, which forms part of the General Terms Agreement, and as limited by the applicable terms of the General Terms Agreement and Engine Warranty Plan, as more particularly set out in Exhibit A hereto.

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2. Assignment and Authorization of Assignor.

- 2.1 The Assignor does hereby sell, assign, transfer and set over unto the Assignee, its successors and permitted assigns, all of the Assignor's remaining rights and interests in and to the Warranties as and to the extent that the same relate to each Engine and the operation thereof, including, without limitation, in such assignment, (a) all claims for damages in respect of such Engine arising as a result of any default by the Engine Manufacturer in respect of the Warranties, and (b) any and all rights of the Assignor to compel performance of the terms of the Warranties; reserving exclusively to the Assignor, however, (i) all of the Assignor's rights and interests in and to the Warranties and/or the General Terms Agreement as and to the extent that the same relate to engines other than such Engine and the purchase and operation of such engines, and (ii) any and all letter agreements with the exception of LA2, as specifically provided herein. The Assignee hereby accepts such assignment.
- 2.2 Notwithstanding the foregoing, during the Term of the Lease, so long, and only so long, as no Event of Default shall have occurred and be continuing, the Assignee hereby authorizes the Assignor, to exercise in the Assignor's name all rights in respect of the Warranties as and to the extent that the same relate to each Engine, except that the Assignor may not enter into any change order or other amendment, modification or supplement to the General Terms Agreement in respect of the Warranties relating to any Engine without the prior written consent of the Assignee (such consent not to be unreasonably withheld or delayed) if such change order, amendment, modification or supplement would result in any rescission, cancellation or termination of the Warranties with respect to such Engine or otherwise adversely affect the rights of the Assignee under the Warranties with respect to such Engine.
- 2.3 For all purposes of this Assignment Agreement, the Engine Manufacturer shall not be deemed to have knowledge of and need not recognize the occurrence, the continuance or the discontinuance of any Event of Default, or the expiration of the Term of the Lease, unless and until the Engine Manufacturer shall have received from the Assignee written notice thereof addressed to the Engine Manufacturer's General Counsel—Commercial Engines at CFM International, Inc., c/o GE Aviation, One Neumann Way, Mail Drop F125, Cincinnati, Ohio 45215-6301, U.S.A., with copy to: Attn: Contracts Administration, CFM International, Inc., 1 Neumann Way, Mail Drop Y7, Cincinnati, OH 45215, U.S.A., and, in acting in accordance with the Warranties, the General Terms Agreement and this Assignment Agreement, the Engine Manufacturer may conclusively rely on such notice. Until such time as notice of an Event of Default, or of the expiration of the Term of the Lease, shall have been given by the Assignee to the Engine Manufacturer, the Engine Manufacturer shall with respect to the Warranties deal solely and exclusively with the Assignor. The Assignee shall promptly, after such Event of Default has been remedied or waived, give written notice of the same to the Engine Manufacturer's General Counsel—Commercial Engines as provided above, with a copy to the Assignor at its address for notices set forth in the Lease, and upon the Engine Manufacturer's receipt of such notice, the Engine Manufacturer shall resume the sole and exclusive dealings with the Assignor authorized, in the absence of notice of an Event of Default, or the expiration of the Term of the Lease, by this Section 2 and by the Engine Consent and Agreement.

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3. Assignor's Continuing Obligations.

- 3.1 It is expressly agreed that, notwithstanding anything herein contained to the contrary: (a) the Assignor shall at all times remain liable to the Engine Manufacturer under the terms and conditions of the General Terms Agreement to perform all duties and obligations of the Assignor thereunder to the same extent as if this Assignment Agreement had not been executed, (b) the exercise by the Assignee of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations to the Engine Manufacturer under the General Terms Agreement, except to the extent that such exercise by the Assignee shall constitute performance of such duties and obligations, (c) the Assignor will exercise its rights and perform its obligations under the General Terms Agreement in respect of each Engine to the extent that such rights and obligations have not been assigned hereunder, and (d) except as specifically provided in Section 3.2 with respect to the Assignee, the Assignee shall not have any obligation or liability under the General Terms Agreement by reason of or arising out of this Assignment Agreement or be obligated to perform any of the obligations or duties of the Assignor under the General Terms Agreement or to make any payment or to make any inquiry as to the sufficiency of any payment received by it or to present or file and claim or to take any action to collect or enforce any claim for any payment assigned hereunder.
- 3.2 Notwithstanding anything contained in this Assignment Agreement to the contrary (but without in any way releasing the Assignor from any of its duties or obligations under the General Terms Agreement), the Assignee confirms expressly for the benefit of the Engine Manufacturer that, in exercising any rights in and to the Warranties, or in making any claim with respect thereto, the applicable terms and conditions of the General Terms Agreement (including any conditions, liabilities, and limitations), and the Warranties, shall apply to and be binding upon the Assignee to the same extent as the Assignor.
- 3.3 Nothing contained herein shall subject the Engine Manufacturer to any obligation or liability to which it would not otherwise be subject under the General Terms Agreement or modify in any respect the contract rights of the Engine Manufacturer thereunder or subject the Engine Manufacturer to any multiple or duplicative obligation or liability under the General Terms Agreement or limit any rights of set-off the Engine Manufacturer may have against the Assignor under applicable law. No further assignment of any remaining Warranties, including, but not limited to, assignments for security purposes, are permitted without the express prior written consent of the Engine Manufacturer.
- 3.4 Effective at any time after an Event of Default has occurred, and for so long as such Event of Default is continuing, and following the expiration of the Term of the Lease, the Assignor does hereby constitute the Assignee, its successors and permitted assigns, the Assignor's true and lawful attorney, irrevocably, with full power (in the name of the Assignor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due and to become due under or arising out of the General Terms Agreement in respect of each Engine, but only to the extent that the same have been expressly assigned by this Assignment Agreement and, for such period as the Assignee may exercise rights with respect thereto under this Assignment Agreement, to

endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute (or, if previously commenced, assume control of) any proceedings and to obtain any recovery in connection therewith that the Assignee may deem to be necessary or advisable with respect to such monies and claims for monies.

3.5 So long as the Engine Manufacturer acts in good faith in accordance with this Assignment Agreement, the Engine Manufacturer may rely conclusively on any notice given by the Assignee hereunder without inquiring as to the accuracy of, or the entitlement of the Assignee to give, such notice.

4. Further Assistance.

4.1 The Assignor agrees that, at any time and from time to time upon the written request of the Assignee, the Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Assignee shall reasonably request in order to obtain the full benefits of this Assignment Agreement and of the rights and powers herein granted.

5. Representations, Warranties and Covenants.

5.1 The Assignor does hereby represent and warrant that (i) a true and complete copy of the Warranties have been provided to the Assignee and that such provisions constitute all the provisions of the Warranties relevant to the rights assigned pursuant hereto, (ii) the General Terms Agreement is in full force and effect and is enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect which affect creditors' rights generally, and the Assignor and the Engine Manufacturer are not in default thereunder, (iii) the Assignor has, with the authorized execution of the Engine Consent and Agreement, received all necessary consents of assignment in the transfer contemplated herein, and (iv) the rights assigned and transferred by the Assignor under Section 2, subject to the rights expressly reserved by this Assignment Agreement, are all the representations, warranties and indemnities provided to the Assignor by the Engine Manufacturer with respect to the rights assigned hereby relating to the Warranties.

5.2 The Assignor does hereby represent and warrant that it has not assigned or pledged the Warranties as they relate to any Engine to anyone other than the Assignee, and hereby covenants that, so long as the Warranties with respect to any Engine remain assigned to the Assignee pursuant to this Assignment Agreement, the Assignor will not, without the prior written consent of the Assignee, assign or pledge the whole or any part of the Warranties that relates to such Engine. The Assignee shall not assign the whole or any part of the Warranties hereby assigned in respect of any Engine unless (i) such assignment is back to the Assignor in connection with the substitution of such Engine pursuant to Section 8(d) of the Lease or (ii) such assignment is consented to in writing by the Engine Manufacturer.

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- 5.3 The Assignee agrees that it will not enter into any agreement with the Engine Manufacturer that would amend, modify, rescind, cancel or terminate the General Terms Agreement in respect of the Warranties or take other action to amend, modify, rescind, cancel or terminate any of the Assignor's rights in respect of the Warranties, without the prior written consent of the Assignor, except if the Engine Manufacturer shall have been notified in writing that an Event of Default has occurred and is continuing or the Term of the Lease has expired.
- 5.4 Each of the Assignor and the Assignee agrees that this Assignment Agreement may not be amended, extended, modified, supplemented, terminated or waived orally. Any and all amendments, extensions, modifications, supplements, terminations or waivers must be presented in writing and be signed by the Engine Manufacturer and the party against whom the enforcement of such amendment, modification, supplement, termination or waiver is sought to be charged.
6. Confidentiality.
- 6.1 The Assignee agrees, expressly for the benefit of the Engine Manufacturer, that it will not, without the prior written consent of the Engine Manufacturer, disclose, directly or indirectly to any third party, any terms of the Warranties or any other portion of the General Terms Agreement at any time disclosed to it by the Assignor incident to effecting the assignment herein; provided, that (a) the Assignee may use, retain, and disclose any such information to its special counsel and public accountants, who shall maintain the confidentiality of such terms, (b) the Assignee may disclose any such terms as required by applicable law, governmental regulations, subpoena, or other written demand under color of legal right for such information but it shall first, as soon as practicable upon receipt of such demand and to the extent permitted by applicable laws, furnish a copy thereof to the Assignor and the Engine Manufacturer, and the Assignee shall afford the Assignor and the Engine Manufacturer reasonable opportunity, at the moving party's cost and expense, to obtain a protective order or other satisfactory assurance reasonably satisfactory to the Engine Manufacturer of confidential treatment for the information required to be disclosed, (c) the Assignee may disclose such terms to any bona fide potential purchaser or lessee of the Engine, subject to execution by such prospective purchaser or lessee of a written confidentiality statement setting forth the same or substantially similar terms as those referred to in this Section 6, and (d) the Assignee may disclose such terms as permitted under Section 10.4 of the Participation Agreement as if this Agreement were specifically referred to therein, and subject to execution by such persons to whom the disclosure is made under Section 10.4 of a written confidentiality statement setting forth the same or substantially similar terms as those referred to in this Section 6.
7. Miscellaneous.
- 7.1 This Assignment Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

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7.2 This Assignment Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

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IN WITNESS WHEREOF, the parties hereto have caused this Engine Warranty Assignment to be duly executed and effective as of the day and year first above written.

AMERICAN AIRLINES, INC.

By: _____
Name: _____
Title: _____
Date: _____

WELLS FARGO BANK NORTHWEST, NATIONAL
ASSOCIATION,
not in its individual capacity, but solely as
Owner Trustee

By: _____
Name: _____
Title: _____
Date: _____

ENGINE WARRANTY PLAN

[To be attached.]

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LA 1 – Participation Agreement

ENGINE CONSENT AND AGREEMENT

CFM International, Inc., a Delaware corporation (the "Engine Manufacturer"), hereby acknowledges notice and receipt of the Engine Warranty Assignment Agreement made by and between American Airlines, Inc. (the "Assignor") and Wells Fargo Bank Northwest, National Association, not in its individual capacity, but solely as Owner Trustee (the "Assignee"), dated as of , 201 (the "Assignment Agreement"). Terms defined in the Assignment Agreement shall be used herein with the same meaning.

The Engine Manufacturer hereby consents to the assignment of the Warranties by the Assignor to the Assignee pursuant to the Assignment Agreement and hereby confirms to the Assignee that (a) all representations, warranties, indemnities, and agreements of the Engine Manufacturer under the Warranties with respect to the Engine shall, subject to the terms and conditions thereof, inure to the benefit of the Assignee to the same extent as to Assignor therein except as provided otherwise in Section 2 of the Assignment Agreement; (b) the Assignee shall not be liable for any of the obligations or duties of the Assignor under the General Terms Agreement, nor shall the Assignment Agreement give rise to any duties or obligations whatsoever on the part of the Assignee owing to the Engine Manufacturer, except for the Assignee's agreement in the Assignment Agreement with respect to the Engines to the effect that in exercising any right assigned to it under the Warranties or in making any claim with respect thereto, the terms and conditions of the General Terms Agreement (including any conditions, liabilities, and limitations) relating to any Engine, and the Warranties, shall apply to and be binding upon the Assignee to the same extent as the Assignor; and (c) the Engine Manufacturer will continue to pay to the Assignor all payments that the Engine Manufacturer may be required to make (and that have been assigned to Assignee under the Assignment Agreement) in respect of any Engine under the Warranties unless and until the Engine Manufacturer shall have received written notice from the Assignee, addressed to its General Counsel—Commercial Engines at CFM International, Inc., c/o GE Aviation, One Neumann Way, Mail Drop F125, Cincinnati, Ohio 45215-6301, U.S.A., with copy to: Attn: Contracts Administration, CFM International, Inc., 1 Neumann Way, Mail Drop Y7, Cincinnati, OH 45215, U.S.A., that an Event of Default has occurred and is continuing or the Term of the Lease has expired and that payments should be made otherwise.

The Engine Manufacturer shall not be deemed to have knowledge of any change in the authority of Assignor or Assignee, as the case may be, to exercise the rights established in the Assignment Agreement until the Engine Manufacturer has received written notice thereof. Any performance by the Engine Manufacturer that discharges its obligations under the Warranties in accordance with the terms of the General Terms Agreement as of the date hereof will satisfy the respective interests of the Assignor and Assignee. So long as the Engine Manufacturer acts in good faith in accordance with the Assignment Agreement and this Engine Consent and Agreement, the Engine Manufacturer may rely conclusively on any notice given by the Assignee without inquiring as to the accuracy of, or the entitlement of the Assignee to give such notice.

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LA 1 – Participation Agreement

Notwithstanding any provision to the contrary in this Engine Consent and Agreement or in the Assignment Agreement, the Engine Manufacturer shall not be construed as being a party to the Assignment Agreement and nothing contained herein shall subject the Engine Manufacturer to any multiple or duplicative liability or to any obligation or liability to which it would not otherwise be subject under the General Terms Agreement other than the fact that such obligation or liability in respect to the Warranties shall be owed to the Assignee and such rights shall be exercisable subject to the rights of the assignment created under the Assignment Agreement. Nothing contained herein shall modify in any respect the contract rights of the Engine Manufacturer under the General Terms Agreement or limit any rights of set-off the Engine Manufacturer may have under applicable law. No further assignment of any remaining Warranties, including, without limitation, assignments for security purposes, are permitted without the express written consent of the Engine Manufacturer; provided that the Assignee may assign the Warranties in respect of any Engine back to the Assignor in connection with the substitution of such Engine pursuant to Section 8(d) of the Lease, in which case the Assignee shall give the Engine Manufacturer a written notice of such assignment, addressed to its General Counsel—Commercial Engines at CFM International, Inc., c/o GE Aviation, One Neumann Way, Mail Drop F125, Cincinnati, Ohio 45215-6301, U.S.A.

To the extent permitted by applicable law, this Engine Consent and Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Dated as of , 201_

CFM INTERNATIONAL, INC.

By: _____

Name: _____

Title: _____

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ANNEX A

DEFINITIONS

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ANNEX B

PAYMENT INFORMATION

Payments to Owner Trustee/Lessor: Payments made to Owner Trustee pursuant to the terms of the Operative Documents shall be made to the following account of Lessor:

[]

or to such other account of Lessor in the United States as may be specified in a notice delivered by Owner Trustee to Lessee and Owner Participant in accordance with Section 10.1 at least 10 Business Days prior to the due date after which payments are to be made pursuant to such notice.

Payments to Owner Participant: Payments made to Owner Participant pursuant to the terms of the Operative Documents shall be made to the following account of Owner Participant:

[]

or to such other account of Owner Participant in the United States as may be specified in a notice delivered by Owner Participant to Owner Trustee and Lessee in accordance with Section 10.1 at least 10 Business Days prior to the due date after which payments are to be made pursuant to such notice.

Payments to Lessee: Payments made to Lessee pursuant to the terms of the Operative Documents shall be made to the following account of Lessee:

[]

or to such other account of Lessee in the United States as may be specified in a notice delivered by Lessee to Owner Trustee and/or Owner Participant in accordance with Section 10.1 at least 10 Business Days prior to the due date after which payments are to be made pursuant to such notice.

ANNEX B

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SCHEDULE A

CERTAIN TERMS

Insurance Threshold Amount:

[\$****]

Obsolete Parts cap (for purposes
of Section 8(c) of the Lease)

[A319 - \$****]

A320 - \$****]

A321 - \$****)]¹

PERMITTED COUNTRIES

[****]

¹ Insert value for applicable aircraft type.

SCHEDULE A

Page 1

LA 1 – Participation Agreement

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

SCHEDULE B

RE-REGISTRATION CONDITIONS

Lessee's right to cause or permit the Aircraft to be re-registered pursuant to Section 7(a) of the Lease is subject to the satisfaction of the conditions below or waiver thereof by Lessor and Owner Participant, as applicable:

(a) no Event of Default shall have occurred and be continuing at the date of such request or at the effective date of the change in registration; provided that it shall not be necessary to comply with this condition if the change in registration involves the registration of the Aircraft under the laws of the United States;

(b) each of Lessor and Owner Participant shall have received a legal opinion addressed to it from counsel to Lessee admitted to practice in the jurisdiction of registration (which counsel shall be reasonably satisfactory to Owner Participant) (i) to the effect that (A) after giving effect to such change in registration, all filing, recording or other action necessary to perfect and protect Lessor's rights and interests in and to the Aircraft and the Lease has been accomplished (or if such opinion cannot be given at the time by which Lessor has been requested to consent to a change in registration, (x) the opinion shall detail what filing, recording or other action is necessary and (y) Lessor and Owner Participant shall have received a certificate from Lessee that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be delivered to Lessor and Owner Participant on or prior to the effective date of such change in registration), (B) the terms of the Lease are legal, valid and binding and enforceable against Lessee in such jurisdiction (subject to bankruptcy and equitable remedies exceptions and other customary exceptions), and (C) it is not necessary for Lessor or Owner Participant to qualify to do business in such jurisdiction or otherwise satisfy any other applicable law, rule or regulation existing at the date of such request (or if such opinion cannot be given, the opinion shall detail what other existing law, rule or regulation must be satisfied by Lessor or Owner Participant, as the case may be) solely as a result of the proposed re-registration, and (ii) if such re-registration is in connection with a sublease to a Permitted Sublessee and such country is not, at the time of re-registration, the United States or a Permitted Country, to the effect that there exist no possessory rights in favor of Permitted Sublessee under the laws of such country that would, assuming at such time Permitted Sublessee is not insolvent or bankrupt, prevent the return of the Aircraft in accordance with and when permitted by the terms of Sections 14 and 15 of the Lease upon the exercise of remedies by Lessor of its remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing;

(c) Lessor and Owner Participant shall have received assurances reasonably satisfactory to Owner Participant to the effect that the insurance provisions of the Lease shall have been complied with after giving effect to such change in registration;

SCHEDULE B

Page 1

LA 1 – Participation Agreement

(d) such re-registration will not result in the imposition by such country of any Taxes on Lessor or Owner Participant for which Lessee is not required to indemnify Lessor or Owner Participant, as the case may be, unless Lessee agrees to indemnify Lessor or Owner Participant, as the case may be, for any Taxes imposed by such country in connection with or relating to the transactions contemplated by the Lease that would not have been imposed but for such re-registration; provided that it shall not be necessary to comply with the conditions contained in this clause (d) if such change in registration results in the re-registration of the Aircraft under the laws of the United States, except to the extent that the provisions of the tax indemnification provisions relating to Lessor or Owner Participant, as the case may be, were amended in effecting a previous foreign registration;

(e) such re-registration will not divest Lessor of title to the Aircraft; and

(f) Lessee shall have paid or made provision for the payment of all reasonable out-of-pocket expenses (including reasonable attorneys' fees) of Lessor and Owner Participant in connection with such change in registration;

provided, further, that Lessee shall not cause the Aircraft to be registered under the laws of any foreign jurisdiction without the prior written consent of Owner Participant if (1) the civil aviation laws of such foreign jurisdiction impose unusual requirements on lessors of civil aircraft, and (2) Lessor or Owner Participant, as the case may be, would be required to comply with such unusual requirements upon the registration of the Aircraft in such foreign jurisdiction, and compliance therewith by Lessor or Owner Participant, as the case may be, would result in a material burden on the business activities of Lessor or Owner Participant, as the case may be.

SCHEDULE B

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FORM OF DEFINITIONS ANNEX

EXHIBIT IV

[NAME OF OWNER PARTICIPANT]
DEFINITION ANNEX ([YEAR]) MSN [MSN])

LA 1 – Annex A

ANNEX A
DEFINITIONS

General Provisions

(a) In each Operative Document (as defined below), unless otherwise expressly provided, a reference to:

- (i) each of “Lessee,” “Lessor,” “Owner Trustee,” “Owner Participant” or any other Person includes, without prejudice to the provisions of any Operative Document, any successor in interest to it and any permitted transferee, permitted purchaser or permitted assignee of it;
- (ii) words importing the plural include the singular and words importing the singular include the plural;
- (iii) any agreement, instrument or document, or any annex, schedule or exhibit thereto, or any other part thereof, includes, without prejudice to the provisions of any Operative Document, that agreement, instrument or document, or annex, schedule or exhibit, or part, respectively, as amended, modified or supplemented from time to time in accordance with its terms, and any agreement, instrument or document entered into in substitution or replacement therefor;
- (iv) any provision of any law includes any such provision as amended, modified, supplemented, substituted, reissued or reenacted prior to the Delivery Date (as defined below in this Annex A), and thereafter from time to time;
- (v) the word “government” includes any instrumentality or agency thereof;
- (vi) the words “Agreement,” “this Agreement,” “hereby,” “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in any Operative Document refer to such Operative Document as a whole and not to any particular provision of such Operative Document;
- (vii) the words “including,” “including, without limitation,” “including, but not limited to,” and terms or phrases of similar import when used in any Operative Document, with respect to any matter or thing, mean including, without limitation, such matter or thing; and
- (viii) a “Section,” a “subsection,” an “Exhibit,” an “Annex” or a “Schedule” in any Operative Document, or in any annex thereto, is a reference to a section or a subsection of, or an exhibit, an annex or a schedule to, such Operative Document or such annex, respectively.

[NAME OF OWNER PARTICIPANT]
DEFINITION ANNEX ([YEAR]) MSN [MSN]

(b) Each attachment, appendix, exhibit, annex, supplement and schedule to each Operative Document is incorporated in, and shall be deemed to be a part of, such Operative Document.

(c) Headings and tables of contents used in any Operative Document are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, such Operative Document.

Defined Terms

“**AD**” has the meaning set forth in Section 7(a) of the Lease.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For the purposes of this definition, “control” (including “controlled by” and “under common control with”) shall mean the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities or by contract or otherwise. In no event shall Trust Company be deemed to be an Affiliate of any of Owner Trustee, Lessor or Owner Participant or vice versa.

“**After-Tax Basis**”, in the context of determining the amount of a payment to be made on such basis, means the payment of an amount which, after subtraction of the net increase, if any, in U.S. federal, state and local income tax liability incurred by the Indemnified Person or Tax Indemnitee to whom the payment is made as a result of the receipt or accrual of such payment (taking into account any current Tax benefits realized by such Indemnified Person or Tax Indemnitee as a result of the event or circumstances giving rise to such payment), shall equal the amount that would have been payable if no net increase in such tax liability had been incurred.

“**Aircraft**” means the Airframe together with the two Engines described in Lease Supplement No. 1 (or any Replacement Engine substituted for any of such Engines under, and pursuant to the terms of, the Lease) (except in each case for any Excluded Equipment), whether or not any of such initial or substituted Engines may from time to time be installed on such Airframe or may be installed on any other airframe or on any other aircraft.

“**Aircraft Protocol**” means the official English language text of the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements, and revisions thereto, as in effect in the United States.

“**Airframe**” means (i) the aircraft described in Lease Supplement No. 1 (except (x) Engines or engines from time to time installed thereon and any and all Parts related to such Engines or engines and (y) any Excluded Equipment) to be leased under the Lease by Lessor to Lessee and (ii) any and all Parts so long as the same shall be incorporated or installed in or attached to such aircraft, or so long as title thereto shall remain vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from such aircraft.

[NAME OF OWNER PARTICIPANT]
DEFINITION ANNEX ([YEAR]) MSN [MSN]

“**American/Airbus Purchase Agreement**” means the A320 Family Aircraft Purchase Agreement, dated July 20, 2011, between Lessee and the Manufacturer, as amended, supplemented or otherwise modified from time to time.

“**Application for Aircraft Registration**” means the application for registration on Federal Aviation Administration AC Form 8050-1 with respect to the Aircraft in the name of Owner Trustee.

“**Approved Program**” means a maintenance program for aircraft of the same make and model as the Aircraft which shall be (i) the Maintenance Program, (ii) the MPD, or (iii) such other maintenance program approved by Lessor (such approval not to be unreasonably withheld); provided that for purposes of this clause (iii), such approval right shall, in connection with the re-registration or subleasing of the Aircraft, Airframe or any Engine, only be required at the time of the initial re-registration or at the commencement of such sublease, as applicable. For purposes of the foregoing sentence, with respect to the flight/hours/cycles/calendar time limitations of Parts and inspections, references to the MPD mean the most restrictive applicable limitation set forth therein.

“**Assumption Agreement**” has the meaning set forth in Section 8.2(a)(i)(D) of the Participation Agreement.

“**Aviation Counsel**” means Daugherty, Fowler, Peregrin, Haught & Jenson, a Professional Corporation, or such other nationally recognized special aviation counsel located in Oklahoma City, Oklahoma as is designated by Lessee.

“**Back-Leveraging Documents**” has the meaning set forth in Section 8.3.1(b) of the Participation Agreement.

“**Back-Leveraging Indemnified Person**” has the meaning set forth in Section 8.3.2(a) of the Participation Agreement.

“**Back-Leveraging Lender**” has the meaning set forth in Section 8.3.1 of the Participation Agreement.

“**Back-Leveraging Party**” has the meaning set forth in Section 8.3.1 of the Participation Agreement.

“**Back-Leveraging Transaction**” has the meaning set forth in Section 8.3.1 of the Participation Agreement.

“**Bankruptcy Code**” means the United States Bankruptcy Code, 11 United States Code §§ 101 et seq.

[NAME OF OWNER PARTICIPANT]
DEFINITION ANNEX

["**Bankruptcy Court**"] means the United States Bankruptcy Court for the Southern District of New York having jurisdiction over the Chapter 11 Case.]¹

["**Bankruptcy Court Order**"] means the bankruptcy order entitled "Order pursuant to 11 U.S.C. § 365(a) and Fed. R. Bankr. P. 6004 Approving Assumption of (A) the A320 Family Aircraft Purchase Agreement Made July 20, 2011, as Amended, between Airbus S.A.S. and American Airlines, Inc.; and (B) the General Terms Agreement by and among IAE International Aero Engines AG and American Airlines, Inc., as Amended and Supplemented", dated as of January 23, 2013 and entered by the Bankruptcy Court on January 23, 2013.]²

"**Basic Rent**" means the basic rent payable to Lessor for the Aircraft pursuant to Section 3(b) of the Lease in the amounts and payable at the times as provided therein.

"**Basic Term**" means the term for which the Aircraft is leased under the Lease pursuant to Section 3(a) thereof commencing on the Delivery Date and ending on the Lease Expiry Date, or such earlier date on which the Lease is terminated in accordance with the provisions thereof.

"**Bills of Sale**" means the FAA Bill of Sale and the Warranty Bill of Sale collectively.

"**Business Day**" means any day other than a Saturday, Sunday or a day on which commercial banks are authorized or required by law, regulation or executive order to be closed in Fort Worth, Texas or New York, New York or the city and state in which the principal corporate trust office of Owner Trustee is located.

"**Cape Town Convention**" means the official English language text of the Convention on International Interests in Mobile Equipment, adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements, and revisions thereto, as in effect in the United States.

"**Cape Town Treaty**" means, collectively, the official English language text of (i) the Cape Town Convention, (ii) the Aircraft Protocol, (iii) all rules and regulations adopted pursuant thereto and as in effect in the United States and (iv) with respect to each of the foregoing described in clauses (i) through (iii), all amendments, supplements and revisions thereto as in effect in the United States.

"**Certificated Air Carrier**" means an air carrier holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49, United States Code, for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of Section 1110.

¹ Include if the Closing occurs during the pendency of the Chapter 11 Case. Consider whether use of this term will change if a general stipulation is entered.

² *Id.*

[NAME OF OWNER PARTICIPANT]
DEFINITION ANNEX

[**Chapter 11 Case**] means the voluntary cases commenced by Lessee and certain of its Affiliates under chapter 11 of the Bankruptcy Code, which are jointly administered and are currently pending before the Bankruptcy Court, styled In re AMR Corporation, et al., Chapter 11 Case Number 11-15463 (SHL).]³

Citizen of the United States has the meaning specified for such term in Section 40102(a)(15) of Title 49 of the United States Code or any similar legislation of the U.S. enacted in substitution or replacement thereof.

Claim or **Claims** means any and all liabilities, obligations, losses, damages, penalties, claims, costs, actions or suits of whatsoever kind and nature (whether or not on the basis of negligence, strict or absolute liability or liability in tort) and, except as otherwise expressly provided, shall include all reasonable costs, disbursements and expenses (including reasonable legal fees and expenses) in connection therewith or related thereto.

Closing has the meaning set forth in Section 3 of the Participation Agreement.

Code means the U.S. Internal Revenue Code of 1986, as currently in effect or hereafter amended.

Confidential Information means the provisions of, and all matters relating to, the Lease (other than any portions of the Lease recorded with the FAA and available for public inspection), the Participation Agreement and the other Operative Documents including, without limitation, (i) the existence and terms of any sublease of the Airframe or Engines pursuant to Section 7(b) of the Lease and the identity of the Permitted Sublessee thereunder (other than any portions of any sublease recorded with the FAA and available for public inspection); (ii) all information obtained in connection with any inspection conducted pursuant to Section 12(a) or 12(b) of the Lease or obtained from Lessee in electronic form pursuant to Section 12(c) of the Lease; (iii) each certification furnished pursuant to Section 11(a) and Section 11(b) of the Lease; and (iv) all information contained in each report furnished pursuant to Section 11(e) of the Lease.

Conflict Opinion has the meaning set forth in Section 7.1.5 of the Participation Agreement.

CRAF Program means the Civil Reserve Air Fleet Program authorized under 10 U.S.C. §9511 et seq. or any similar or substitute program under the laws of the United States.

Delivery Date has the meaning specified in Lease Supplement No. 1.

³ Include if the Closing occurs during the pendency of the Chapter 11 Case.

[NAME OF OWNER PARTICIPANT]
DEFINITION ANNEX

“**Designated Back-Leveraging Lender**” has the meaning set forth in Section 8.3.2(a) of the Participation Agreement.

“**Dollars**” and “**\$**” mean the lawful currency of the United States.

“**EASA**” means the European Aviation Safety Agency of the European Union and any successor agency.

“**Engine**” means (i) each of the engines listed by manufacturer’s serial numbers in Lease Supplement No. 1, whether or not from time to time installed on the Airframe or installed on any other airframe or on any other aircraft; (ii) any Replacement Engine which may from time to time be substituted, pursuant to the Return Conditions or Sections 8(d) or 10(d) of the Lease, for an Engine leased under the Lease; and (iii) any and all Parts incorporated or installed in or attached to such Engine or Replacement Engine or any and all Parts removed from such Engine or Replacement Engine so long as title thereto shall remain vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from such Engine or Replacement Engine, but in each case, except any Excluded Equipment. Except as otherwise set forth in the Lease, at such time as a Replacement Engine shall be so substituted, the replaced Engine shall cease to be an Engine. The term “**Engines**” also means, as of any date of determination, all Engines then leased under the Lease.

“**Engine Manufacturer**” means [CFM International, Inc.]⁴ [IAE International Aero Engines AG]⁵.

“**Engine Warranty Agreement**” means the Engine Warranty Assignment Agreement, in substantially the form attached to the Participation Agreement as Exhibit H, dated as of the Delivery Date, between Lessee and Lessor, to which an Engine Consent and Agreement executed by the Engine Manufacturer is attached.

“**ERISA**” means the Employee Retirement Income Security Act of 1974 and the regulations promulgated and rulings issued thereunder.

“**Event of Default**” has the meaning set forth in Section 14 of the Lease.

“**Event of Loss**” with respect to any property means any of the following events with respect to such property:

(i) loss of such property or the use thereof due to theft, disappearance, destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;

⁴ Include for A319 and A320 aircraft.

⁵ Include for A321 aircraft.

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(ii) any damage to such property that results in an insurance settlement with respect to such property on the basis of a total loss or a compromised or constructive total loss;

(iii) the condemnation, confiscation or seizure of, or requisition of title to or use of, such property (other than a requisition for use of the Aircraft, the Airframe or any Engine by the U.S. government or any agency or instrumentality thereof which shall not have resulted in loss of possession of such property for a period continuing beyond the end of the Term) which, in the case of any event referred to in this clause (other than requisition of title), shall have resulted in the loss of possession of such property by Lessee (or any Permitted Sublessee) for a period in excess of 120 consecutive days or a shorter period that ends on or after the last day of the Term (in which event the Event of Loss pursuant to this clause (iii) shall be deemed to have occurred on the last day of the Term);

(iv) as a result of any rule, regulation, order or other action by the FAA, the Department of Transportation or other governmental body of the U.S. or other country of registry of the Aircraft having jurisdiction, the use of such property in the normal course of passenger air transportation shall have been prohibited for a period of six consecutive months, unless Lessee (or any Permitted Sublessee), prior to the expiration of such six-month period, shall have undertaken and shall be diligently carrying forward all steps which in its judgment are necessary or desirable to permit the normal use of such property by Lessee (or any Permitted Sublessee) or, in any event, if such use shall have been prohibited for a period of twelve consecutive months; or

(v) the operation or location of the Aircraft, while under requisition for use by the U.S. government, in any area excluded from coverage by any insurance policy in effect with respect to the Aircraft required by the terms of Section 11 of the Lease, if Lessee shall be unable to obtain indemnity or insurance in lieu thereof from the U.S. government;

provided that if such property shall be returned to Lessee in usable condition after the occurrence of an event described in clause (i), (iii) or (v) above but prior to the date on which Stipulated Loss Value would be payable pursuant to Section 10(a) of the Lease, then such event shall, at the option of Lessee, not constitute an Event of Loss.

“**Exchange Act**” means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder.

“**Excluded Equipment**” means (i) defibrillators, enhanced emergency medical kits and other medical and emergency equipment, (ii) airphones and other components or systems installed on or affixed to the Airframe that are used to provide individual telecommunications or electronic entertainment or services to passengers aboard the Aircraft, (iii) branded passenger convenience or service items, and (iv) cargo containers.

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“**Export Administration Regulations**” means the United States Export Administration Regulations, 15 C.F.R. §§ 730-774, as amended, modified or supplemented from time to time, and any successor thereto.

“**FAA**” or “**Federal Aviation Administration**” means the Federal Aviation Administration of the U.S. and any successor governmental authority.

“**FAA Bill of Sale**” means the bill of sale for the Aircraft on Federal Aviation Administration AC Form 8050-2 executed by the Manufacturer in favor of Owner Trustee.

“**Fair Market Rental Value**” means the rental value which could be obtained in an arm’s-length transaction between an informed and willing lessee under no compulsion to lease and an informed and willing lessor in possession under no compulsion to lease, assuming that the Aircraft is unencumbered by the Lease and is in the condition required thereby; provided that, in determining such value under Section 15 of the Lease, the Aircraft shall be valued on an “as-is, where-is” basis, taking into account customary brokerage and other reasonable costs and out-of-pocket expenses that would be typically incurred in connection with the re-letting of equipment such as the Airframe, Engines or any Part thereof. Such value shall be determined by mutual written agreement between Lessor and Lessee or, in the absence of mutual written agreement, pursuant to an Independent Appraisal, except in determining such value under Section 15 of the Lease, such value shall be determined by Independent Appraisal as provided therein.

“**Fair Market Sales Value**” means the sales value which could be obtained in an arm’s-length transaction between an informed and willing purchaser under no compulsion to purchase and an informed and willing seller in possession under no compulsion to sell, assuming that the Aircraft is unencumbered by the Lease and is in the condition required thereby; provided that, in determining such value under Section 15 of the Lease, the Aircraft shall be valued on an “as-is, where-is” basis, taking into account customary brokerage and other reasonable costs and out-of-pocket expenses that would be typically incurred in connection with the sale of equipment such as the Airframe, Engines or any Part thereof. Such value shall be determined by mutual written agreement between Lessor and Lessee or, in the absence of mutual written agreement, pursuant to an Independent Appraisal, except in determining such value under Section 15 of the Lease, such value shall be determined by Independent Appraisal as provided therein.

“**Indemnified Person**” means Owner Trustee, Trust Company and Owner Participant (including, for this purpose, a Person identified in writing to Lessee by Owner Participant who manages or services Owner Participant’s interest in the Trust Estate) and each Back-Leveraging Indemnified Person that has been added as an “Indemnified Person” in a Lessee Consent and their respective officers, directors, servants, agents, successors and permitted assigns, but excluding any such Person in its capacity as the manufacturer, supplier or subcontractor of the Aircraft, Airframe or Engines or any Part and any officer, director, servant, agent, successor or permitted assign of such Person in such capacity.

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“**Independent Appraisal**” means an appraisal mutually agreed to by two nationally recognized independent aircraft appraisers, one of which appraisers shall be chosen by Lessor and one by Lessee, or, if such appraisers cannot agree on such appraisal, an appraisal arrived at by a third nationally recognized independent aircraft appraiser chosen by the mutual consent of such two appraisers; provided that if either party shall fail to appoint a nationally recognized independent aircraft appraiser within 15 days after a written request to do so by the other party, the “Independent Appraisal” shall be the appraisal rendered by the appraiser that has been appointed; provided, further, that if both Lessor and Lessee appoint nationally recognized independent aircraft appraisers but such appraisers cannot agree on an appraisal and fail to appoint a third nationally recognized independent aircraft appraiser within 20 days after the date of the appointment of the second of such appraisers, then either party may apply to the American Arbitration Association to make such appointment. In the event such third independent appraiser shall be chosen to provide such appraisal, unless the parties agree otherwise, such appraisal shall be required to be made within 20 days of such appointment. Notwithstanding the foregoing, if an Independent Appraisal is used to determine the Fair Market Rental Value for the purposes of Section 21 of the Lease, the time periods set forth in the two preceding sentences shall be shortened to the extent necessary to allow the Fair Market Rental Value to be determined within 30 days after Lessee provides its revocable notice of its intent to renew the Lease pursuant to Section 21 of the Lease. Notwithstanding the foregoing, if an Independent Appraisal is used to determine the Fair Market Rental Value and/or Fair Market Sales Value for the purposes of Section 15 of the Lease, an Independent Appraisal shall be an appraisal prepared by Ascend Worldwide Limited, BK Associates, Inc., AVITAS, Inc. or another nationally recognized independent aircraft appraiser chosen in good faith by Owner Participant. The fees and expenses of appraisers for an Independent Appraisal, whenever undertaken pursuant to the Lease, shall be borne equally by Lessor and Lessee, and Lessor and Lessee each shall separately bear any fees, costs and expenses of its respective attorneys and experts (other than the appraisers referred to above) incurred in connection with such Independent Appraisal, except that the costs of an Independent Appraisal undertaken pursuant to Section 15 of the Lease shall be for the account of Lessee.

“**Inspecting Party**” has the meaning set forth in Section 12(a) of the Lease.

“**Insurance Threshold Amount**” has the meaning set forth in Schedule A to the Participation Agreement.

“**International Interest**” has the meaning ascribed to the defined term “international interest” under the Cape Town Treaty.

“**International Registry**” means the international registry established pursuant to the Cape Town Treaty.

“**Investment Company Act**” means the Investment Company Act of 1940, and the rules and regulations promulgated thereunder.

“**Law**” means and includes (a) any statute, decree, constitution, regulation, order, judgment or other directive of any governmental authority; (b) any treaty, pact, compact or other agreement to which any governmental authority is a signatory or party; (c) any judicial or administrative interpretation or application of any Law described in (a) or (b) above; and (d) any amendment or revision of any Law described in (a), (b) or (c) above.

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“**Lease**” or “**Lease Agreement**” means that certain Lease Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR], between Lessor and Lessee.

“**Lease Expiry Date**” means the tenth (10th) anniversary of the Delivery Date.

“**Lease Period**” means the period commencing on and including each Lease Period Date and ending on and including (i) the day immediately preceding the next subsequent Lease Period Date, (ii) the Lease Expiry Date, in the case of final Lease Period during the Basic Term, or (iii) the last day of any Renewal Term, in the case of the final Lease Period during such Renewal Term.

“**Lease Period Date**” means, during the Basic Term or any Renewal Term, each date specified in Schedule A to Lease Supplement No. 1.

“**Lease Supplement**” means (i) Lease Supplement No. 1 and (ii) any other supplement to the Lease Agreement from time to time executed and delivered in connection with one or more Replacement Engines.

“**Lease Supplement No. 1**” means a lease supplement, substantially in the form of Exhibit A to the Lease, entered into between Lessor and Lessee on the Delivery Date for the purpose of subjecting the Aircraft to the Lease.

“**Lessee**” means American Airlines, Inc., a Delaware corporation.

“**Lessee Consent**” has the meaning set forth in Section 8.3.2(b) of the Participation Agreement.

“**Lessor**” means Owner Trustee as lessor under the Lease.

“**Lessor’s Liens**” means any Lien on or relating to or affecting the Aircraft, the Airframe, any Engine or any Part, title thereto or any interest therein, the Lease or the Trust Estate arising as a result of:

(i) Claims against or affecting Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, not related to ownership of the Aircraft or the transactions contemplated by the Lease and the other Operative Documents;

(ii) acts or omissions of Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, not related to the transactions contemplated by, or not expressly provided for under the terms of, the Lease and the other Operative Documents;

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(iii) Taxes or Claims imposed against Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, which are not indemnified against by Lessee pursuant to Section 7.1, 7.2 or 7.3 of the Participation Agreement; or

(iv) Taxes or Claims imposed against Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, arising out of any voluntary or involuntary Transfer (other than pursuant to the Return Conditions or Section 8 or 10 of the Lease or pursuant to the exercise of remedies in accordance with Section 15 of the Lease in connection with an Event of Default that shall have occurred and be continuing) by Trust Company, Owner Trustee, Owner Participant or any Owner Participant Guarantor, as applicable, of its respective interest in the Aircraft, the Airframe, any Engine, any Part, any Obsolete Part, the Trust Estate, Rent or any interest arising under any Operative Document, including, without limitation, by means of granting a security interest therein;

provided that an arrangement expressly permitted by Section 8.3 of the Participation Agreement shall not constitute a Lessor's Lien so long as such arrangement remains compliant with Section 8.3 of the Participation Agreement.

“**LIBOR**” means, with respect to any Rent payment not paid when due, the rate for deposits in Dollars for a period of one month which appears on the Reuters Screen LIBOR01 Page (or successor page) as of 11:00 A.M., London time, two London Banking Days prior to the date such Rent payment came due. If such rate does not appear on the Reuters Screen LIBOR01 Page (or successor page), the rate will be determined on the basis of the rates at which deposits in Dollars are offered by the principal London offices of the Reference Banks at approximately 11:00 A.M., London time, on the date two London Banking Days prior to the date such Rent payment came due to prime banks in the London interbank market for a period of one month commencing on such date and in an amount of \$10,000,000. Lessor will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for such overdue Rent payment will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such overdue Rent payment will be the arithmetic mean of the rates quoted by major banks in New York City, selected by Lessor, at approximately 11:00 A.M., New York City time, on the date two London Banking Days prior to the date such Rent payment came due for loans in Dollars to leading European banks for a period of one month commencing on such date and in an amount of \$10,000,000.

“**Lien**” means any mortgage, pledge, lien, charge, encumbrance, lease, conditional sale or security interest.

“**London Banking Day**” means any day on which commercial banks are not authorized or required to close in London, England and which is also a day on which dealings in U.S. Dollar deposits are carried out in the London Interbank market.

“**Loss Payee**” means Lessor, except as otherwise provided in a Lessee Consent.

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“**Loss Payment Date**” has the meaning specified in Section 10(a) of the Lease.

“**Maintenance Program**” has the meaning specified in Section 7(a)(ii) of the Lease.

“**Manufacturer**” means Airbus S.A.S.

“**Marketing Inspection**” has the meaning specified in Section 12(b) of the Lease.

“**Moody’s**” means Moody’s Investors Services, Inc. (or any successor thereto that is a nationally recognized statistical rating organization).

“**MPD**” means the maintenance planning document published by the Manufacturer and applicable to the Aircraft, as revised from time to time.

“**New Owner Participant**” has the meaning set forth in Section 8.1 of the Participation Agreement.

“**New Owner Trustee**” has the meaning set forth in Section 8.1 of the Participation Agreement.

“**Obsolete Parts**” has the meaning specified in Section 8(c) of the Lease.

“**Operative Documents**” means the Lease, the Participation Agreement, the Trust Agreement, the Engine Warranty Agreement and any Owner Participant Guarantee.

“**Overdue Rate**” means, as at any date of determination, an interest rate equal to 2% per annum plus the applicable LIBOR, calculated on the basis of a 360-day year and the number of actual days elapsed.

“**Owner Participant**” means [Name of Owner Participant], a [jurisdiction] [type of entity].

“**Owner Participant Guarantee**” means [(i) for so long as [Name of Owner Participant] is the Owner Participant, the Guarantee ([YEAR] MSN [MSN]), dated as of [], by [Name of Owner Participant Guarantor], and (ii) otherwise,]⁶ an absolute and unconditional guarantee by the applicable Owner Participant Guarantor, substantially in the form of Exhibit G to the Participation Agreement or, otherwise, in form and substance reasonably satisfactory to Lessee, delivered pursuant to Section 8.2(a)(ii) of the Participation Agreement.

“**Owner Participant Guarantor**” [(i) with respect to the period during which [Name of Owner Participant] is Owner Participant under the Operative Documents, means [Name of Owner Participant Guarantor] and (ii)]⁷ with respect to the period during which any Transferee is Owner Participant under the Operative Documents, has the meaning set forth in Section 8.2.(a)(ii) of the Participation Agreement.

⁶ Include if there will be an Owner Participant Guarantee for the initial Owner Participant.

⁷ Include if there will be an Owner Participant Guarantee for the initial Owner Participant.

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“**Owner Trustee**” means (i) Wells Fargo Bank Northwest, National Association, a national banking association, not in its individual capacity, but solely in its capacity as owner trustee under the Trust Agreement, or (ii) if Wells Fargo Bank Northwest, National Association is not then serving as Owner Trustee under the Trust Agreement, the successor Owner Trustee under the Trust Agreement.

“**Participation Agreement**” means that certain Participation Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR], among Lessee, Owner Trustee, Trust Company and Owner Participant.

“**Parts**” means any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (i) complete Engines or engines and (ii) any Excluded Equipment), so long as the same are incorporated or installed in or attached to the Airframe or any Engine or so long as title thereto remains vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from the Airframe or any Engine.

“**Permitted Country**” means each of the countries listed in Schedule A to the Participation Agreement.

“**Permitted Investment**” means each of the following:

- (i) direct obligations of the U.S. and agencies thereof;
- (ii) obligations fully guaranteed by the U.S.;
- (iii) certificates of deposit issued by, or bankers acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the U.S. or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000, and having a rating of A, its equivalent or better by Moody’s or S&P (or if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States);
- (iv) commercial paper of any holding company of a bank, trust company or national banking association described in clause (iii);
- (v) bearer note deposits with, or certificates of deposit issued by, or promissory notes of, any subsidiary incorporated under the laws of Canada (or any province thereof) of any bank, trust company or national banking association described in clause (iii), (viii) or (ix);

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(vi) commercial paper of companies having a rating assigned to such commercial paper by Moody's or S&P (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States) equal to either of the two highest ratings assigned by such organization;

(vii) U.S. dollar-denominated certificates of deposit issued by, or time deposits with, the European subsidiaries of (A) any bank, trust company or national banking association described in clause (iii) or (B) any other bank described in clause (viii) or (ix);

(viii) U.S.-issued Yankee certificates of deposit issued by, or bankers acceptances of, or commercial paper issued by, any bank having combined capital and surplus and retained earnings of at least \$100,000,000 and headquartered in Canada, Japan, the United Kingdom, France, Germany, Switzerland or The Netherlands;

(ix) U.S. dollar-denominated time deposits with any Canadian bank having a combined capital and surplus and retained earnings of at least \$100,000,000 and having a rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States);

(x) Canadian Treasury Bills fully hedged to U.S. dollars;

(xi) repurchase agreements with any financial institution having combined capital and surplus and retained earnings of at least \$100,000,000 collateralized by transfer of possession of any of the obligations described in clauses (i) through (x) above; and

(xii) money market mutual funds that are registered with the Security and Exchange Commission under the Investment Company Act and operated in accordance with Rule 2a-7 and that at the time of such investment are rated "Aaa" by Moody's and/or "AAA" by S&P.

"**Permitted Lien**" has the meaning specified in Section 6 of the Lease.

"**Permitted Sublessee**" means:

(i) the Manufacturer or Engine Manufacturer (or any Affiliate of either thereof);

(ii) any Certificated Air Carrier;

(iii) any foreign air carrier that is principally based in and a domiciliary of a Permitted Country, if, at the time Lessee enters into a sublease with such foreign air carrier, Lessor receives an opinion from counsel to Lessee (which counsel shall be reasonably satisfactory to Lessor) to the effect that:

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(A) all filing, recording and other action necessary to perfect and protect Lessor's rights and interests in and to the Aircraft and the Lease has been accomplished;

(B) there exist no possessory rights in favor of such sublessee under the laws of such sublessee's country which would, upon bankruptcy or insolvency of or other default by Lessee and assuming that at the time of such bankruptcy, insolvency or other default by Lessee, such sublessee is not insolvent or bankrupt, prevent the return of an Engine or the Airframe and each Engine or engine subject to such sublease to Lessor in accordance with and when permitted by the terms of Sections 14 and 15 of the Lease upon the exercise by Lessor of its remedies under Section 15 of the Lease; and

(C) the terms of the Lease are legal, valid, binding and enforceable in the country in which such foreign air carrier is principally based (subject to customary exceptions); or

(iv) any foreign air carrier not described in clause (iii) above consented to in writing by Lessor (such consent not to be unreasonably withheld);

provided that in the case of any such foreign air carrier referred to in clause (iii) or (iv) above (other than a foreign air carrier principally based in Taiwan), the U.S. maintains full diplomatic relations with the country in which such foreign air carrier is principally based at the time such sublease is entered into.

“**Person**” means any individual person, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization or government.

[“**Plan Effective Date**” means the effective date of any plan of reorganization filed by Lessee in the Chapter 11 Case that is confirmed pursuant to Section 1129 of the Bankruptcy Code.]^s

“**Qualifying Institution**” has the meaning specified in Section 8.2(a)(ii) of the Participation Agreement.

“**Reference Banks**” means Citibank, JP Morgan Chase Bank, Deutsche Bank, and such other or additional banking institutions as may be designated from time to time by mutual agreement of Lessee and Lessor.

^s Include if the Closing occurs during the pendency of the Chapter 11 Case.

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“**Reference Stipulated Loss Value Determination Date**” means (i) with respect to Section 10 of the Lease, the Stipulated Loss Value Determination Date on or immediately preceding the Loss Payment Date, (ii) with respect to Section 15(c) of the Lease, the Stipulated Loss Value Determination Date on or immediately preceding the Specified Payment Date and (iii) with respect to Section 15(d) of the Lease, the Stipulated Loss Value Determination Date on or immediately preceding the Sale Date.

“**Related Aircraft**” means any aircraft that is a “Leased Aircraft” (as defined in the American/Airbus Purchase Agreement) other than the Aircraft.

“**Related Lease**” means, as of any date of determination, any aircraft lease agreement in substantially the form of the Lease Agreement with respect to any Related Aircraft between Lessee, as lessee, and Wells Fargo Bank Northwest, National Association, as owner trustee (or a successor trust company or any other bank or trust company pursuant to a “Trust Transfer” with respect to such aircraft lease agreement), as lessor, provided that, as of such date, the “Owner Participant” with respect to such aircraft lease agreement and Owner Participant with respect to the Lease Agreement are identical or are Affiliates and the further conditions in both of the following clauses (A) and (B), are satisfied: (A) with respect to such aircraft lease agreement, either (x) Owner Participant is and has been the “Owner Participant” since the inception of such aircraft lease agreement or (y) Owner Participant is and became “Owner Participant” as a result of a direct Transfer of the owner participant interest meeting the requirements of Section 8.2 of the related “Participation Agreement” from Airbus Financial Services or an Affiliate of Airbus Financial Services who has been such an Affiliate since the inception of such aircraft lease agreement, provided that Airbus Financial Services or such Affiliate prior to such Transfer had been the “Owner Participant” with respect to such aircraft lease agreement at all times since the inception of such aircraft lease agreement, and (B) with respect to the Lease Agreement, Owner Participant is and has been [name of initial Owner Participant] since the inception of the Lease Agreement.

“**Related Indemnitee Group**” with respect to any Indemnified Person, subject to Section 8.3.2(a) of the Participation Agreement, means each of such Indemnified Person’s officers, directors, servants, agents, successors and permitted assigns.

“**Renewal Term**” has the meaning set forth in Section 21 of the Lease.

“**Rent**” means Basic Rent and Supplemental Rent.

“**Replaced Engine**” has the meaning set forth in Section 8(d)(i) of the Lease.

“**Replacement Engine**” means an engine of the same make and model as the Replaced Engine (or engine of the same or another manufacturer of a comparable or an improved model and suitable for installation and use on the Airframe and compatible with the other Engine) which shall have been substituted under the Lease pursuant to the Return Conditions or Sections 8(d), or 10(d) of the Lease, together with all Parts relating to such engine, but in each case excluding any Excluded Equipment.

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“**Re-registration Conditions**” means the terms and conditions set forth in Schedule B to the Participation Agreement.

“**Responsible Officer**” means, with respect to Lessee, its Chairman of the Board, its President, any Executive Vice President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary or any other management employee (i) whose power to take the action in question has been authorized, directly or indirectly, by the Board of Directors of Lessee, (ii) working under the supervision of any such Chairman of the Board, President, Executive Vice President, Senior Vice President, Chief Financial Officer, Vice President, Treasurer or Secretary and (iii) whose responsibilities include the administration of the transactions and agreements contemplated by the Lease and other Operative Documents.

“**Return Conditions**” means the return conditions set forth in Annex B to the Lease.

“**Return Date**” has the meaning set forth in Annex B to the Lease.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, a subsidiary of The McGraw-Hill Companies, Inc. (or any successor thereto that is a nationally recognized statistical rating organization).

“**Sale**” has the meaning ascribed to the term “sale” in the Cape Town Treaty.

“**Sale Date**” has the meaning specified in Section 15(d) of the Lease.

“**Section 1110**” means Section 1110 of the Bankruptcy Code.

“**Securities Act**” means the Securities Act of 1933, and the rules and regulations promulgated thereunder.

[****] has the meaning set forth in Section 6.1.4 of the Participation Agreement.

[****] has the meaning set forth in Section 6.1.4 of the Participation Agreement.

“**Specified Payment Date**” has the meaning set forth in Section 15(c) of the Lease.

“**Specified Persons**” means Owner Trustee, Trust Company, Owner Participant and, to the extent provided in Section 8.3 of the Participation Agreement, each Back-Leveraging Indemnified Person. that has been added as an “Indemnified Person” in a Lessee Consent.

“**Stipulated Loss Value**” with respect to the Aircraft means (i) during the Basic Term, the amount set forth in Schedule B to Lease Supplement No. 1 opposite the Stipulated Loss Value Determination Date that is the Reference Stipulated Loss Value Determination Date and (ii) during any Renewal Term, the amount determined as provided in Section 21 of the Lease applicable to the Stipulated Loss Value Determination Date that is the Reference Stipulated Loss Value Determination Date.

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“**Stipulated Loss Value Determination Date**” means (i) during the Basic Term, each date specified in Schedule B to Lease Supplement No. 1 and (ii) during any Renewal Term, each Lease Period Date occurring during such Renewal Term.

“**Sublease Period**” means any period during which a sublease permitted by the terms of the Lease is in effect.

“**Successor**” has the meaning set forth in Section 6.1.3(a) of the Participation Agreement.

“**Supplemental Rent**” means all amounts (other than Basic Rent) which Lessee agrees to pay to Lessor, Owner Participant or any other Indemnified Person or Tax Indemnitee pursuant to any Operative Document, including without limitation payments of Stipulated Loss Value and indemnities payable under Sections 7.1 and 7.2 of the Participation Agreement.

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

“**Tax Indemnitee**” means Lessor, Owner Trustee, Trust Company, Owner Participant and each Back-Leveraging Indemnified Person that has been added as a “Tax Indemnitee” in a Lessee Consent (including any security trustee that has been so added) and their respective officers, directors, servants, agents, successors and permitted assigns, and, with respect to any Tax imposed on a consolidated or combined group of companies of which Lessor, Owner Trustee, Trust Company, Owner Participant or any such Back-Leveraging Indemnified Person is a member, such group and any member thereof, but excluding any such Person in its capacity as the manufacturer, supplier or subcontractor of the Aircraft, Airframe or Engines or any Part and any officer, director, servant, agent, successor or permitted assign of such Person in such capacity.

“**Term**” means the Basic Term and, if actually entered into, any Renewal Term.

“**Transfer**” means an offer, sale, assignment, transfer, participation, conveyance or other disposition.

“**Transferee**” has the meaning set forth in Section 8.2(a)(i)(A) of the Participation Agreement.

“**Transportation Code**” means that portion of Title 49 of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, as amended.

[NAME OF OWNER PARTICIPANT]
DEFINITION ANNEX ([YEAR]) MSN [MSN]

“**Trust**” means the trust created under the Trust Agreement.

“**Trust Agreement**” means that certain Trust Agreement ([YEAR] MSN [MSN]), dated as of [], [YEAR], between Owner Participant and Trust Company.

“**Trust Company**” means (i) Wells Fargo Bank Northwest, National Association, a national banking association, in its individual capacity, or (ii) if such Wells Fargo Bank Northwest, National Association is not then serving as Owner Trustee under the Trust Agreement, the entity serving as Owner Trustee, in its individual capacity.

“**Trust Estate**” means all estate, right, title and interest of Owner Trustee in and to the Aircraft, the Participation Agreement, the Lease and the other Operative Documents, including, without limitation, all amounts of Basic Rent, Supplemental Rent, insurance proceeds (other than any insurance proceeds payable under liability policies to or for the benefit of Trust Company, for its own account or in its individual capacity, or to Owner Participant) and requisition, indemnity or other payments of any kind for or with respect to the Aircraft including, without limitation, any and all payments and proceeds received by Owner Trustee after the termination of the Lease with respect to the Aircraft resulting from the sale, lease or other disposition thereof.

“**Trust Indenture Act**” means the Trust Indenture Act of 1939.

“**Trust Transfer**” has the meaning set forth in Section 8.1 of the Participation Agreement.

“**UCC**” means the Uniform Commercial Code, as in effect in any applicable jurisdiction.

“**U.S.**” or “**United States**” means the United States of America.

“**Warranty Bill of Sale**” means the warranty (as to title) bill of sale with respect to the Aircraft executed by the Manufacturer in favor of Owner Trustee.

[NAME OF OWNER PARTICIPANT]
DEFINITION ANNEX

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.

AMENDMENT NO. 3

to the

A320 Family Aircraft Purchase Agreement

made July 20, 2011

between

AIRBUS S.A.S.

and

AMERICAN AIRLINES, INC.

This Amendment No. 3 to the A320 Family Purchase Agreement made July 20, 2011 (as amended, supplemented or otherwise modified, hereinafter referred to as the “Amendment”), entered into as of November 20, 2013, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, 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, made 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**”.

WHEREAS, the Buyer and the Seller have agreed to modify certain terms relating to the NEO Engine Decision;

WHEREAS, the Buyer and the Seller have agreed to modify the model type of certain Aircraft as set forth in this Amendment;

WHEREAS, the Buyer and the Seller have agreed to modify certain terms relating to Leasing Documentation;

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.

1 ENGINE SELECTION

1.1 Section 0 (Definitions) of the Agreement is hereby amended by adding the following quoted text in alphabetical order:

QUOTE

NEO Engine Decision – as defined in Clause 2.4.7(ii).

UNQUOTE

1.2 Clause 2.4.7(ii) of the Agreement is here by amended by deleting such clause in its entirety and replacing it with the following quoted text:

QUOTE

(ii) A319 NEO Propulsion System, A320 NEO Propulsion System and A321 NEO Propulsion System by [****] (the “**NEO Engine Decision**”).

UNQUOTE

1.3 The parenthetical in Paragraph 3.4.1(i) of Letter Agreement No. 5 is deleted in its entirety and replaced by the following quoted text:

QUOTE

(as such term is defined in Clause 2.4.7(ii) of the Agreement)

UNQUOTE

1.4 The phrase “this Paragraph 3.1(ii)” in Paragraph 3.4.1(ii) of Letter Agreement No. 5 is hereby amended by deleting such phrase in its entirety and replacing it with the following quoted text:

QUOTE

this Paragraph 3.4.1(ii)

UNQUOTE

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.5 A new Paragraph 3.4.3 is added to Letter Agreement No. 5 to the Agreement with the following quoted text:

QUOTE

“3.4.3 NEO Engine Decision

3.4.3.1 [****]

(i) Pursuant to Clause 2.4.7(ii) of the Agreement, the Buyer has agreed to notify the Seller of its NEO Engine Decision by [****]. If the Buyer notifies the Seller of the NEO Engine Decision by such date, the [****].

(ii) For any [****],

(a) [****].

(b) the payment schedule for unpaid Predelivery Payments with respect to such Aircraft will be adjusted to reflect [****].

3.4.3.2 [****]

If the Buyer fails to notify the Seller of its NEO Engine Decision by [****], then the Seller may, upon written notice to the Buyer, [****]

(i) any A320 Family NEO Aircraft bearing CAC ID Nos. [****]; and

(ii) At any time and from time to time after [****], for so long as Buyer shall not have notified the Seller of its NEO Engine Decision, any A320 Family NEO Aircraft that, as of such time has a [****],

In each case, [****].

3.4.3.3 [****]

[****]. Any Predelivery Payments previously received from the Buyer hereunder in respect of such Aircraft will be applied to the Predelivery Payment(s) that are next due under this Agreement. [****].

UNQUOTE

2. CONVERSION

2.1 [****] pursuant to the terms of the Letter Agreement No. 5 to the Agreement, the Seller agrees to grant to the Buyer [****] conversion right for each of the following Aircraft and the Buyer exercises such right as follows:

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(i) [****], and

(ii) [****].

3. DELIVERY SCHEDULE

3.1 Schedule I to the Agreement is deleted in its entirety and replaced with the Schedule I attached hereto in Exhibit 1 which reflects (i) Scheduled Delivery Months that have been notified by the Seller to the Buyer as of the date of this Amendment, (ii) the conversions specified in Paragraph 2.1 above and (iii) the type conversion of the [****].

4. LEASING DOCUMENTATION

4.1 Letter Agreement No. 1 is hereby amended as follows:

(a) Section 1.3.4 of Letter Agreement No. 1 is deleted in its entirety and replaced with the following quoted text:

QUOTE

The Seller shall promptly notify the Buyer when the Seller has concluded an arrangement (either through an existing backlog of aircraft orders or a new order) (such arrangement, a “**Third Party Purchase Agreement**”) identifying aircraft qualifying as Leased Aircraft which are proposed to be the subject of a leasing transaction as contemplated by the Leasing Documentation. Following such notice, if the Seller delivers to the Buyer a Leasing Letter in the form of **Exhibit E** attached hereto (a “**Leasing Letter**”) executed by such Third Party Purchaser (such executed Leasing Letter, a “**Third Party Agreement**”), the Buyer agrees, that if

(x) the Buyer has received such Third Party Agreement by no later than

(i) with respect to the Leased Aircraft bearing CAC No. [****], if (1) any required Lessee Consent has been agreed with the relevant Third Party Purchaser, (2) an execution version of the Leasing Documentation has been agreed with AFS and (3) the necessary steps are taken in a timely manner (such as submitting the related trust agreement for review by Aeronautical Center Counsel at the FAA) to ensure a lease with an AFS Entity can be entered into on the delivery date, November 15, 2013 or, if requested by the Seller and agreed by the Buyer, on or before November 22, 2013; and

(ii) with respect to any other such Leased Aircraft scheduled for Delivery through the [****], the 30th day prior to the first day of the Scheduled Delivery Month therefor; and

(iii) with respect to any such Leased Aircraft scheduled for Delivery after the [****],

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

the 45th day prior to the first day of the Scheduled Delivery Month therefor (each such date, the “**Cut-off Date**” for such Aircraft); and (y) the Buyer reasonably determines at such time that such Third Party Purchaser (or the related Third Party Owner Participant, if applicable) would be qualified to act as “Owner Participant” under the Leasing Documentation, then within fifteen (15) days of receipt of such Third Party Agreement, the Buyer will countersign such Third Party Agreement.

Upon execution and delivery of a Leasing Letter by the Buyer with respect to such Leased Aircraft, the Predelivery Payments paid by the Buyer with respect to such Leased Aircraft shall be applied in accordance with the provisions of Paragraph 3.2 of Letter Agreement No. 3 to the Agreement.

UNQUOTE

(b) The second sentence of Section 7.1 of Letter Agreement No. 1 is amended by inserting at the end of such sentence the following quoted text:

QUOTE

; provided however, the Buyer hereby [****].

UNQUOTE

4.2 The defined term [****] contained in Exhibit G of Letter Agreement No. 1 is deleted in its entirety and replaced with the following quoted text:

QUOTE

[****] provided by the principal New York City offices of each of the Reference Banks (as defined below) at approximately 11:00 A.M., New York City time, on the day that is two Business Days preceding the Delivery Date for such Leased Aircraft, and, for this purpose, [****], is equivalent to USD-LIBOR-BBA (as defined below) for such Delivery Date [****]. Seller will request the principal New York City office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for such Delivery Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such Delivery Date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by Seller, at approximately 11:00 A.M., New York City time, on such Delivery Date. For purposes of the foregoing:

UNQUOTE

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4.3 The Form of Trust Agreement attached as Exhibit B to Letter Agreement No. 1 is hereby amended as follows:

- (i) The introductory paragraph of the Form of Trust Agreement is hereby amended by deleting the word “the” before the defined term “Owner Participant”.
- (ii) The last sentence of Section 4.01 of the Form of Trust Agreement is hereby amended by deleting the word “the” before the term “Owner Participant”.
- (iii) The title to Article IX of the Form of Trust Agreement is hereby amended by adding “[or Removal][ftnt]” between the words “Resignation” and “of”, and the Table of Contents shall be accordingly updated to reflect such change.

[ftnt] Insert if Owner Participant is not a Citizen of the United States.

- (iv) Article IX of the Form of Trust Agreement is hereby amended by inserting the following quoted language after Section 9.01 of the Form of Trust Agreement:

QUOTE

[Section 9.01 Resignation or Removal of Owner Trustee; Appointment of Successor.

(a) Resignation or Removal. Owner Trustee (i) shall resign if required to do so pursuant to Section 9.3 of the Participation Agreement and (ii) may resign at any time without cause by giving at least 60 days prior written notice to Owner Participant and Lessee, such resignation to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b). In addition, subject to Article XII and subject to Section 6.2.2 of the Participation Agreement, Owner Participant may at any time remove Owner Trustee only for cause, subject to the regulatory limitation that Persons who are neither Citizens of the United States nor resident aliens may not hold more than 25 percent of the aggregate power to remove Owner Trustee; provided, that Owner Participant may remove Owner Trustee, with or without cause, at any time when the Aircraft is registered in a non-United States jurisdiction. For purposes of this Section, “for cause”, may include willful misconduct or gross negligence, but “for cause” shall not include the refusal of Owner Trustee to act or refrain from acting in a manner that (1) would violate the laws, regulations, court orders, or lawful directions of a government agency; (2) is outside the scope of Owner Trustee’s authority; (3) is contrary to its obligations under this Trust Agreement; or (4) is the subject of a mere disagreement between Owner Trustee and Owner Participant. Any such removal will be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b). In the case of the resignation or removal of Owner Trustee, subject to Article XII and subject to Section 6.2.2 of the Participation Agreement, Owner Participant may appoint a successor Owner Trustee by an instrument in writing signed by Owner Participant with the prior written consent of Lessee, such consent not to be unreasonably withheld;

provided that, if an Event of Default shall have occurred and be continuing, then no such prior written consent of Lessee shall be so required. If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, Owner Trustee or Lessee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided within one year from the date of the appointment by such court.][Ftnt]
[Ftnt] Insert this paragraph as Section 9.01(a) in place of the current Section 9.01(a) if the Owner Participant is not a Citizen of the United States.

UNQUOTE

- (v) Article XII of the Form of Trust Agreement is hereby amended by inserting the following quoted language after Section 12.01 of the Form of Trust Agreement:

QUOTE

[Section 12.01 Limitations on Control. Notwithstanding any other provision of this Trust Agreement, but subject to Sections 12.02 and 12.04, Owner Participant will have no rights or powers to direct, influence or control Owner Trustee in the performance of Owner Trustee's duties under this Trust Agreement, including matters involving the ownership and operation of the Aircraft. Owner Trustee shall exercise its duties under this Trust Agreement in connection with matters involving the ownership and operation of the Aircraft, as Owner Trustee, in its discretion, shall deem necessary to protect the interests of the United States, notwithstanding any countervailing interest of any foreign power which, or whose citizens, may have a direct or indirect interest in Owner Participant, and any such action by Owner Trustee shall not be considered malfeasance or in breach of any obligation which Owner Trustee might otherwise have to Owner Participant; provided, however, that subject to the foregoing limitations, Owner Trustee shall exercise this discretion in all matters arising under this Trust Agreement, including the ownership and operation of the Aircraft, with due regard for the interests of Owner Participant. In exercising any of its rights and duties under this Trust Agreement in connection with matters which may arise not relating to the ownership and operation of the Aircraft, Owner Trustee shall be permitted to seek the advice of Owner Participant before taking, or refraining from taking, any action with respect thereto. To the extent that Owner Trustee takes any action or inaction in accordance with any written instruction and/or advice of Owner Participant given or in exercising its discretion under this Article XII, such action or inaction shall not be deemed to be gross negligence or willful misconduct. Owner Trustee shall notify Owner Participant of its exercise of rights

and duties under this Trust Agreement in connection with matters involving the ownership and operation of the Aircraft.][ftnt]
[ftnt] Insert this paragraph as Section 12.01 in place of the current Section 12.01 if the Owner Participant is not a Citizen of the United States.

UNQUOTE

- (vi) Article XII of the Form of Trust Agreement is hereby amended by inserting the following quoted language after Section 12.02 of the Form of Trust Agreement:

QUOTE

[Section 12.02 Discretion, Actions and Payments of Owner Trustee. Subject to the requirements of Section 12.01, Owner Trustee agrees that it will not, without the prior consent of Owner Participant, (a) sell, transfer, assign, lease, mortgage, pledge or otherwise dispose of the Aircraft or other assets held in the Trust Estate relating thereto or (b) amend or waive any rights under any Operative Document or Operating Agreement (other than a document over which Owner Trustee has the absolute and complete discretion established under Section 12.01 of this Trust Agreement), or give any consents under any Operative Documents except as expressly provided for herein. Notwithstanding any other provision of this Article XII, the grant of the rights of Owner Trustee set forth in Section 12.01 shall not extend to any other rights, powers or privileges in respect of the beneficial interest of Owner Participant in the Trust Estate, and Owner Participant (and not Owner Trustee) shall be entitled to receive from Owner Trustee or otherwise all payments of whatsoever kind and nature payable to Owner Participant pursuant to this Trust Agreement in the same manner as if the rights permitted to be exercised by Owner Trustee as described in Section 12.01 had not been transferred to Owner Trustee and held in trust hereunder.][ftnt]

[ftnt] Insert this paragraph as Section 12.02 in place of the current Section 12.02 if the Owner Participant is not a Citizen of the United States.

UNQUOTE

- (vii) The first sentence of Section 12.03 of the Form of Trust Agreement is hereby amended by inserting “Notwithstanding anything to the contrary in this Trust Agreement,” at the beginning of such sentence.

- (viii) Article XII of the Form of Trust Agreement is hereby amended by inserting the following quoted language after Section 12.04 of the Form of Trust Agreement:

QUOTE

[Section 12.04 Purpose. The purpose of this Article XII is to assure that (a) the Aircraft shall be controlled with respect to such matters as are described in Section 12.01 by a Citizen of the United States, (b) Owner Participant shall have no power to influence or control the exercise of Owner Trustee's authority with respect to such matters and (c) Owner Trustee shall be able to give the affidavit required by Section 47.7(c)(2)(iii) of the Federal Aviation Regulations. This Article XII shall be construed in furtherance of the foregoing purposes; provided, however, that this Article XII shall be ignored and given no force or effect: (i) if Owner Participant determines that it meets the requirements for a Citizen of the United States and both Owner Participant and Owner Trustee file with the FAA the affidavits required by Section 47.7(c)(2)(ii) of the Federal Aviation Regulations, 14 C.F.R. §47.7(c)(2)(ii), or (ii) during periods when the Aircraft has been registered in a non-United States jurisdiction and a de-registration telex has been issued by the FAA in connection with the re-registration of the Aircraft in such non-United States jurisdiction.][ftnt]

[ftnt] Insert this paragraph as Section 12.04 in place of the current Section 12.04 if the Owner Participant is not a Citizen of the United States.

UNQUOTE

- (ix) Article XII of the Form of Trust Agreement is hereby amended by inserting the following quoted language after Section 12.05 of the Form of Trust Agreement and the Table of Contents shall accordingly be updated to reflect such change:

QUOTE

[Section 12.06 Priority. In creating and accepting the Trust, each of Owner Participant and Owner Trustee acknowledges that, so long as the Aircraft shall be registered with the FAA, in case of any conflict, the limitations in Article XII of this Trust Agreement are paramount and superior to any other terms and conditions in this Trust Agreement or in any other document, including without limitation, the Lease and the other Operative Documents and any other Operating Agreement to which Owner Participant and Owner Trustee are a party in respect of the Trust. It is understood and agreed by the parties hereto that nothing in this Trust Agreement shall relieve Owner Participant, Owner Trustee or any other Person of any obligation to comply with any law, rule or regulation of any FAA or governmental authority with respect to the ownership and operation of the Aircraft.][ftnt]

[ftnt] Insert if Owner Participant is not a Citizen of the United States.

UNQUOTE

- (x) The title to Article XIII of the Form of Trust Agreement is hereby amended by

adding “[AND REGULATORY REQUESTS][ftnt]” to the end of such title and the Table of Contents shall be accordingly updated to reflect such changes.

[ftnt] Insert if Owner Participant is not a U.S. Citizen.

- (xi) Sections 13.01 and 13.02 of the Form of Trust Agreement are hereby amended by deleting the word “the” wherever it appears before the terms “Owner Participant” and “Owner Trustee” in such sections.
- (xii) Article XIII of the Form of Trust Agreement is hereby amended by inserting the following quoted text after Section 13.02 of the Form of Trust Agreement and the Table of Contents shall accordingly be updated to reflect such changes:

QUOTE

[Section 13.03 Owner Trustee’s Covenants. Owner Participant hereby authorizes and directs Owner Trustee, so long as the Aircraft shall be registered with the FAA, and Owner Trustee covenants and agrees:

- (a) upon request by the FAA, and with the cooperation of Owner Participant, to provide the FAA with the following information in an expeditious manner (generally within two Business Days of the request or immediately in an emergency identified by the FAA): (i) the identity and contact information (address, phone number, email) of the Person normally operating, or maintaining the operations of, the Aircraft; (ii) where that Person resides or is incorporated and has its principal place of business; (iii) the location of the maintenance and other records applicable to the Aircraft; and (iv) where the Aircraft is normally based and operated;
- (b) upon request by the FAA, and with the cooperation of Owner Participant, to provide the FAA with the following information in an expeditious manner (generally within five Business Days of the request or immediately in an emergency identified by the FAA): (i) information about the operator, crew (names and pilot certificate numbers) and aircraft operations on specific dates, in each case with respect to the Aircraft; (ii) information about where the Aircraft will be on a specific date in the future and (iii) maintenance and other aircraft records applicable to the Aircraft;
- (c) to immediately forward to Owner Participant, Lessee and any Person who is then an operator of the Aircraft, as applicable, by the most expeditious means available, all ADs issued by the FAA in respect of the Aircraft;
- (d) to notify the FAA Aircraft Registry by the most expeditious means available of Owner Trustee’s resignation or removal under Section 9.01, or of the termination of the trust under Section 11.01; and
- (e) to permit the inspection of the Aircraft and/or records in respect of the Aircraft by the FAA or any other duly authorized representatives of the U.S. or of the government of the country where it is based or operated, when an appropriate request is

made by the FAA or other governmental entity entitled to inspect the Aircraft and/or records.

Section 13.04 Owner Participant's Covenants. Owner Participant hereby covenants and agrees, so long as the Aircraft shall be registered with the FAA:

(a) upon a request by the FAA for information related to the Aircraft and the operation of the Aircraft that the FAA is legally entitled to receive from an owner or operator of an aircraft, which is issued to Owner Trustee (and forwarded by Owner Trustee to Owner Participant), to provide as expeditiously as reasonably practicable to Owner Trustee or the FAA, as the case may be, with all such requested information to the extent that Owner Participant has such information or actually receives such information from the operator of the Aircraft or from any other source, including, if applicable, (i) information in relation to the operation, maintenance, location or base of operation of the Aircraft, and (ii) contact information of (x) the operator of the Aircraft and (y) any other person to whom the FAA may look to gather information related to crew members for the Aircraft, the Aircraft's operations on specific dates, the location of the Aircraft, and maintenance and other aircraft records for the Aircraft;

(b) without limiting the provisions of Article XIII, in connection with any transfer of Owner Participant's beneficial interest in the Trust (other than a collateral assignment thereof), to provide Owner Trustee the identity and contact information with respect to the new Owner Participant and to update the operator information provided pursuant to Section 13.04(c) and 13.04(d), to the extent Owner Participant has such information or actually receives such information from the operator or from any other source;

(c) to provide as expeditiously as possible to Owner Trustee, in response to a request by Owner Trustee, the identity and contact information for the operator of the Aircraft under any Operating Agreement or bailment agreement entered into from time to time by Owner Participant, or any lease, bailment, or similar arrangement transferring possession and operational control of the of the Aircraft that is entered into from time to time by a third party, whether or not at Owner Participant's direction; and

(d) without limiting the provisions of Article XIII, to require that any Operating Agreement, bailment, or similar arrangement transferring possession and operational control of the Aircraft provide the following or similar provisions to the same effect:

(i) that all further transfers of the rights to possession and operational control of the Aircraft to a transferee must be in writing; provide the identity and contact information about the transferee; and the transferee's assurance that if and when the transferee is notified that Owner Trustee has made a request, it will promptly provide information related to crew members of the Aircraft and the Aircraft's operations on specific dates, the location of the Aircraft, and the maintenance and other aircraft records applicable to the Aircraft;

(ii) that each such further transferee or operator (x) shall provide its reasonable cooperation to Owner Trustee, Owner Participant and the FAA in an expeditious manner with respect to any request from the FAA or other applicable governmental entity for information and access to records of the Aircraft which it is legally entitled to receive, and (y) shall authorize the FAA or any other duly authorized air authority representatives of the U.S. or the government where it is habitually based or operated, upon any request which the FAA or such other governmental entity is legally entitled to make under law applicable to such transferee or operator of the Aircraft, to inspect the Aircraft; and

(iii) that each such further transferee or operator agrees that the above- referenced information and inspection requirements shall be made and agreed in all subsequent or downstream leases, operating agreements and bailment agreements, thereby requiring each such subsequent transferee or operator to provide such contact information in the event that there has been a transfer of possession and operation to another party, to update such information when any changes occur, and to promptly confirm such information at any time upon request by Owner Trustee or Owner Participant, to provide its reasonable cooperation to Owner Trustee, Owner Participant and the FAA in an expeditious manner with respect to any request from the FAA or other applicable governmental entity for information and access to records of the Aircraft which it is legally entitled to receive made pursuant to existing regulations and policies, and to authorize the FAA or such other governmental entity to inspect the Aircraft to the extent that it is legally entitled to make such request under law applicable to Owner Trustee, Owner Participant, the relevant counterparty to any such subsequent or downstream agreement or the Aircraft.]

[ftnt]

[ftnt] Insert if Owner Participant is not a Citizen of the United States.

UNQUOTE

(xiii) Annex A to the Form of Trust Agreement is hereby amended by inserting the following quoted text:

QUOTE

[(a) For purposes of this Trust Agreement, the following terms have the meanings set forth below (but shall be construed and interpreted in the manner described in Annex A to the Participation Agreement):

“**Operating Agreement**” means any agreement from time to time entered into by Owner Trustee that transfers the right to possess, use and operate the Aircraft, including, without limitation, the Lease and any agreement that transfer the right to possess, use and operate the Aircraft from Owner Trustee to Owner Participant.

(b) For all purposes of the Trust Agreement, all capitalized terms used but not

defined in this Annex A to the Trust Agreement shall have the respective meanings assigned to such terms in the Participation Agreement, and shall be construed and interpreted in the manner described in Annex A to the Participation Agreement.][ftnt]
[ftnt] Insert if Owner Participant is not a Citizen of the United States.

UNQUOTE

4.4 The Form of Participation Agreement attached as Exhibit C to Letter Agreement No. 1 is hereby amended as follows:

- (i) Section 4.1.4 of the Form of Participation Agreement attached as Exhibit C to Letter Agreement No. 1 is deleted in its entirety and is hereby replaced with the following quoted language:

QUOTE

4.1.4 Representations, Warranties and Covenants. On the Delivery Date, the representations and warranties of each party to this Agreement made herein and in the other Operative Documents shall be correct and accurate in all material respects, in each case as though made on and as of such date, or if such representations and warranties relate solely to an earlier date, as of such earlier date, and each party to this Agreement shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in the other Operative Documents to which it is party to be observed and performed by it as of the Delivery Date.

UNQUOTE

- (ii) Section 4.3.9 of the Form of Participation Agreement attached as Exhibit C to Letter Agreement No. 1 is amended by adding “4.1.4,” after “4.1.3,” and before “4.1.5” contained in such section.
- (iii) Section 8.2(a) of the Form of Participation Agreement attached as Exhibit C to Letter Agreement No. 1 is amended by adding the following quoted text after the phrase “special purpose entity,…” and before the phrase “if, as preconditions to such Transfer…”:

QUOTE

, in each case that is experienced in aircraft leasing or other aircraft finance transactions or that has an Affiliate that is so experienced or that has engaged a manager or other provider of services in respect of the Aircraft, the Trust Estate and the Lease that is so experienced (so long as such manager or other provider is not an airline or other commercial operator of aircraft freight forwarder, or any other company directly or indirectly engaged in the business of passenger, cargo, freight or parcel transportation or any Affiliate of any thereof (any such manager or provider, a “**Servicer**”)

UNQUOTE

- (iv) Section 8.2(a)(i)(D) of the Form of Participation Agreement attached as Exhibit C to Letter Agreement No. 1 is hereby amended by deleting clause (D) in its entirety and replacing it with the following quoted text:

QUOTE

(D) Owner Participant, the Transferee and, if applicable, the Servicer and Lessor, shall have entered into an agreement in the form attached hereto as Exhibit E (the “**Assumption Agreement**”) or in such other form as shall be acceptable to Lessee;

UNQUOTE

- (v) Section 8.2(a)(ii)(B) of the Form of Participation Agreement attached as Exhibit C to Letter Agreement No. 1 is hereby amended by deleting clause (B) in its entirety and replacing it with the following quoted text:

QUOTE

(B) if the Transferee is not itself a Qualifying Institution, a parent corporation of the Transferee which qualifies as a Qualifying Institution (such parent with respect to such Transferee, the “**Owner Participant Guarantor**”) shall have executed and delivered to Owner Trustee and Lessee an Owner Participant Guarantee with respect to the obligations undertaken by the Transferee under the Assumption Agreement referred to above, together with an opinion of counsel (which may be the in-house counsel of the Qualifying Institution providing such guaranty or other counsel reasonably satisfactory to Lessee) to the effect that such guaranty is enforceable against the guarantor in accordance with its terms.

UNQUOTE

- (vi) The Form of Assignment and Assumption Agreement attached as Exhibit E to the Form of Participation Agreement attached as Exhibit C to Letter Agreement No. 1 is hereby amended as follows:

- a. The introductory paragraph of the Form of Assumption and Assignment Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

ASSIGNMENT AND ASSUMPTION AGREEMENT ([YEAR] MSN [MSN])

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ([YEAR] MSN [MSN]), dated as of [] (as amended, modified or supplemented from time to time, this

“**Agreement**”, among (i) [NAME OF ASSIGNOR], a [jurisdiction] [type of entity] (together with its successors and permitted assigns, “**Assignor**”), (ii) [NAME OF ASSIGNEE], a [jurisdiction] [type of entity] (together with its successors and permitted assigns, “**Assignee**”) [,]and] (iii) **AMERICAN AIRLINES, INC.**, a Delaware corporation (together with its successors and permitted assigns, “**Lessee**”) [(iv) **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, not in its individual capacity, but solely as Owner Trustee (“**Lessor**”), and (v) [NAME OF SERVICER], a [jurisdiction] [type of entity] (“[•]” or the “**Servicer**”).[Ftnt]
[Ftnt] To be inserted if the Assignee is engaging a manager or other provider of services in respect of the Aircraft and the Lease and if there is no Lessee Consent that deals with the role of a Servicer.

UNQUOTE

b. The first Recital of the Form of Assumption and Assignment Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

Reference is made to one Airbus [model] aircraft bearing the manufacturer’s serial number [MSN] and U.S. Registration No. [Reg. No.] (as more fully described in the Participation Agreement referred to below, the “**Aircraft**”).

UNQUOTE

c. The Recitals to the Form of Assumption and Assignment Agreement are amended by adding a new recital after the third recital with the following quoted text:

QUOTE

[4. In connection with the Assignment and Assumption, pursuant to the Servicing Agreement, dated [•] (the “**Servicing Agreement**”), between the Assignee and [•], the Assignee is appointing the Servicer as its agent for all matters relating to the Aircraft, the Trust Estate and the Lease.] [Ftnt]
[Ftnt] *Id.*

UNQUOTE

d. Section 4 of the Form of Assumption and Assignment Agreement is hereby amended by (I) inserting “(a)” after the title “Assumption” and before the beginning of the first paragraph; (II) renumbering clauses (a), (b) and (c) in the first paragraph as clauses (i), (ii) and (iii), respectively; and (III) inserting the following quoted text after clause (a):

QUOTE

[(b) Assignee hereby gives the Lessee and the Lessor the following notice and related acknowledgements:

(1) pursuant to the Servicing Agreement, the Servicer has been duly appointed as an agent of the Assignee; and

(2) until each of the Lessee and the Lessor is otherwise notified pursuant to Section 10(d)(3) that [•] is no longer the Servicer in respect of the Lease, for all matters relating to the Lease and the Aircraft the Assignee is deemed to act by and through the Servicer, and the Servicer is deemed to act under, and at the direction of, the Assignee, as the agent for Assignee.] [Ftnt]

[Ftnt] To be inserted if the Assignee has appointed a Servicer and if there is no Lessee Consent that deals with the role of a Servicer.

UNQUOTE

- e. Section 10 of the Form of Assumption and Assignment Agreement is hereby amended by (I) inserting “, for the benefit of Lessee,” after the phrase “Assignee agrees...” and before word “that” in clause (a) of Section 10 and (II) inserting the following quoted text after the end of clause (b) of Section 10:

QUOTE

[(c) The Servicer agrees, for the benefit of Lessee, that:

(1) the Servicer shall, to the extent it is authorized to do so, use reasonable efforts to cooperate with Lessee to facilitate Assignee’s compliance with its respective obligations under the Operative Documents;

(2) the Servicer shall not take any action that would be a violation of any provision in the Lease or any other Operative Document if such action were taken by the Owner Participant or any other Person;

(3) the Servicer shall (A) comply with all of the terms and conditions of the Lease applicable to an “Indemnified Person” and (B) comply with all of the terms and conditions of the Lease applicable to a “Specified Person”;

(4) the Servicer shall hold all Confidential Information confidential and shall not, without the prior written consent of Lessee, furnish or disclose any Confidential Information to anyone other than: (A) the parties to the Operative Documents; (B) the Servicer’s auditors, accountants, agents and legal counsel, each with an absolute need to know such information; (C) except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any governmental authority; and (D) except to the extent such

Confidential Information becomes publicly available or becomes available on a non-confidential basis from a source other than any party to the Operative Documents or any Affiliate thereof. The obligations set forth in this Section 10(c)(4) shall survive the resignation or removal of the Servicer as the servicer in respect of the Lease or any termination or rescission of this agreement or the Operative Documents, as the case may be; and

(5) the Servicer shall take any and all actions as are within its control as agent and permitted by the terms of the Servicing Agreement to satisfy its obligations set out herein and in the Servicing Agreement in respect of the obligations of the Owner Participant in the Lease.] [Ftnt1]

[(d) Assignee agrees, for the benefit of Lessee and Lessor, that:

(1) until the Lessee is otherwise notified pursuant to Section 10(d)(3) that [•] is no longer the Servicer in respect of the Lease, each of Lessee and Lessor shall be entitled to communicate and deal exclusively with the Servicer (or any replacement servicer appointed pursuant to Section 10(d)(3)) with respect to all matters relating to the Aircraft and the Lease and shall be entitled to rely conclusively on notices, instructions, elections, consents and any other communications received from the Servicer (or such replacement servicer) as if received from the Owner Participant (without any obligation on the part of Lessee or Lessor to determine whether the Servicer is required to obtain, or in fact has obtained, any consent from the Owner Participant).

(2) until Lessee is otherwise notified pursuant to Section 10(d)(3) that [•] is no longer the Servicer in respect of the Lease, the Servicer shall be conclusively presumed for all purposes, including, without limitation, the quiet enjoyment and lien-lifting covenants contained in the Operative Documents, to be acting as agent for Assignee with full and valid authority so to act or refrain from acting, and neither Lessee nor Lessor shall be under any obligation to inquire regarding such authority or regarding whether the Servicer is, or purports to be, acting for Assignee, for itself or for any other Person.

(3) Assignee shall at all times during the Term maintain a servicer in respect of the Lease. If the entity acting as the servicer resigns or if Assignee proposes to remove the entity acting as the servicer, Assignee shall, at least 10 Business Days prior to the effective date of such resignation or removal, give Lessee and Lessor written notice identifying the name and address of the replacement servicer Assignee proposes to appoint, which notice shall specify the proposed effective date of such resignation or removal and the facts necessary to determine whether the terms of this Section 10(d)(3) have been or will be satisfied. As preconditions to the appointment of any replacement servicer:

(A) concurrently with the effective date of resignation or removal of the entity acting as the servicer, Assignee shall appoint a replacement servicer in respect of the Lease that (i) is experienced in commercial aircraft leasing or other commercial aircraft finance transactions and (ii) is not an airline or other commercial operator of aircraft, freight forwarder, or any other company directly or indirectly engaged in the business of passenger, cargo, freight or parcel transportation or any Affiliate of any thereof (provided that, for the avoidance of doubt, no such replacement servicer shall be excluded as a result of engaging in the business of aircraft leasing) and

(B) such replacement servicer shall agree for the benefit of Lessee and Lessor to be bound by all of the agreements of the Servicer contained in this Agreement.

Assignee shall pay any fees, costs, charges and expenses incurred by the Lessee or the Lessor (including, without limitation, reasonable legal fees and expenses) in connection with any removal or resignation of the entity acting as the servicer.] [Ftnt2]

[(e) Lessee agrees, so long as the Servicer is the servicer in respect of the Lease, that: (1) the Servicer shall be deemed added to the definition of "Specified Person" for purposes of Section 11 of the Lease; and (2) the Servicer shall be deemed added to the definition of "Indemnified Person" as a "Back-Leveraging Indemnified Person" under (and as defined in) the Participation Agreement and shall, so long as such Person complies with all of the obligations of, and terms and conditions applicable to, an "Indemnified Person" under the Participation Agreement, be entitled to all of the benefits accorded a "Back-Leveraging Indemnified Person" under the Participation Agreement subject to the limitations contained therein (including, without limitation, Section 7.1.2(1) of the Participation Agreement).] [Ftnt3]

[Ftnt1] To be inserted if the Assignee has appointed a Servicer and if there is no Lessee Consent that deals with the role of a Servicer.

[Ftnt2] *Id.*

[Ftnt3] *Id.*

UNQUOTE

f. Section 11 of the Form of Assumption and Assignment Agreement is hereby amended by inserting the following quoted text after Section 11(d) as clause (e):

QUOTE

[(e) All notices and other communications to or from the Servicer under the Operative Documents shall be in writing and delivered in the manner set forth in Section 10.1 of the Participation Agreement. The address for notices to the Servicer is:

[•]

[Address of Servicer]

Attention: [•]

Fax: [•]

Email: [•]][Ftnt]

[Ftnt] To be inserted only if Assignee has appointed a Servicer and if there is no Lessee Consent that deals with the role of a Servicer.

UNQUOTE

g. The signature block of the Form of Assumption and Assignment Agreement is

hereby amended by inserting the following quoted text after the signature block for “[NAME OF ASSIGNEE]”:

QUOTE

[NAME OF SERVICER]

By:

Name:

Title:] [Ftnt]

[Ftnt] To be inserted only if Assignee has appointed a Servicer and if there is no Lessee Consent that deals with the role of a Servicer.

UNQUOTE

(vii) The Form of Engine Warranty Agreement attached as Exhibit H to the Form of Participation Agreement attached as Exhibit C to Letter Agreement No. 1 is hereby amended as follows:

- a. The Form of CFM Engine Warranty Agreement is amended by deleting such exhibit in its entirety and replacing it with the form attached hereto as Exhibit 2.
- b. The Form of IAE Engine Warranty Agreement in the form attached hereto as Exhibit 3 is to be added as Exhibit H to the Form of Participation Agreement attached as Exhibit C to the Letter Agreement No. 1 in addition to the Form of CFM Engine Warranty Agreement.

4.5 The Form of Defined Terms attached as Exhibit D to Letter Agreement No. 1 is hereby amended by adding the following quoted text inserted in alphabetical order:

QUOTE

“**Servicer**” has the meaning set forth in Section 8.2(a) of the Participation Agreement.

UNQUOTE

5. MISCELLANEOUS

5.1 Section 19.4 of the Agreement is hereby amended as follows:

- (a) Section 19.4.1 is hereby amended by deleting such section in its entirety and

replacing it with the following quoted text:

QUOTE

19.4.1 The Buyer will:

- (i) cause the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents and employees to be named as additional insured under the Buyer's Airline Liability Insurance, and
- (ii) with respect to the Buyer's Aircraft Hull Insurance, cause the insurers of the Buyer's hull insurance policies to waive all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers.

UNQUOTE

- (b) The second sentence of Section 19.4.2 is hereby amended by deleting the phrase "not less than seven (7) Business Days prior to each Delivery under this Agreement," and replacing it with the following quoted language:

QUOTE

not less than seven (7) Business Days prior to the Delivery of the first Leased Aircraft under this Agreement and thereafter as soon as practicable after material changes, extensions or renewals of its insurance coverage are made, a certificate of insurance from the Federal Aviation Administration certifying that a war risk hull and liability insurance policy has been issued by the United States of America, Department of Transportation, Federal Aviation Administration (or any then-current materially equivalent coverage) and

UNQUOTE

- (c) Section 19.4.2(i) is hereby amended by deleting the phrase "Comprehensive Aviation Legal Liability Insurance" in its entirety and replacing it with the term "the Buyer's Airline Liability Insurance".
- (d) Section 19.4.2(ii) is hereby amended by (i) deleting the term "such insurance" in its entirety and replacing with the term "the Buyer's Airline Liability Insurance" and (ii) deleting in its entirety, the parenthetical "(but seven (7) days or such lesser period as may be customarily available in respect of War Risks and Allied Perils)".

5.2 The second sentence of Section 19.5.2 is hereby amended by deleting the phrase "not less than seven (7) Business Days prior to each Delivery under this Agreement," and replacing it with the following quoted language:

QUOTE

not less than seven (7) Business Days prior to the Delivery of the first Leased Aircraft

under this Agreement and thereafter as soon as practicable after material changes, extensions or renewals of its insurance coverage are made
UNQUOTE

6. REFERENCES

On and after the date of this Letter Agreement

- (i) each reference in Letter Agreement No. 1 or Letter Agreement No. 5 to “this Letter Agreement”, “hereunder”, “hereof” or words of like import referring to Letter Agreement No. 1 or Letter Agreement No. 5, as applicable, shall mean and be a reference to Letter Agreement No. 1 or Letter Agreement No. 5, as applicable, as amended by this Letter Agreement, and
- (ii) each reference in the Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Letter Agreement.

7. ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 of the Agreement without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

8. CHAPTER 11 CASES

The Seller acknowledges that the Buyer is a debtor in possession under the Bankruptcy Code in the Chapter 11 Cases pending in the Bankruptcy Court. On January 23, 2013, the Bankruptcy Court entered the Order Pursuant to 11 U.S.C. § 365(a) and Fed. R. Bankr. P. 6006 approving assumption of (A) the A320 Family Aircraft Purchase Agreement made July 20, 2011, as amended, between Airbus S.A.S. and American Airlines, Inc., and (B) the General Terms Agreement by and among IAE International Aero Engines AG and American Airlines, Inc. as amended and supplemented [Docket No. 6315].

9. CONFIDENTIALITY

Each of the Seller and the Buyer agree not to disclose the terms and conditions of this Letter Agreement to any person without the prior written consent of the other party. Notwithstanding the foregoing, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent to (i) the Official Committee of Unsecured Creditors (excluding Boeing Capital Corporation) and/or its professional advisors retained in the Chapter 11 Cases in accordance with the terms of the

Stipulated Protective Order Pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018 Establishing Procedures for the Protection of Confidential Information Provided by the Debtors to the Official Committee of Unsecured Creditors entered by the Bankruptcy Court on January 27, 2012 [Docket No. 891], (ii) the Bankruptcy Court, (iii) counsel and advisors for the Ad Hoc Group of AMR Corporation Creditors identified in that certain “Motion for Approval of ‘Fee Letter’ to Pay Certain Work Fees and Expenses of Professionals Employed by the Ad Hoc Group of AMR Corporation Creditors” filed with the Bankruptcy Court on August 29, 2012, (iv) as required by law or as necessary in connection with the enforcement of such party’s rights hereunder, and (v) the board of directors, managers, employees, auditors, and legal, financial and technical advisors of each party.

10. COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ AIRBUS S.A.S.

Name:

Title: Senior Vice President Contracts

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: /s/ AMERICAN AIRLINES, INC.

Name:

Title: VP, Treasurer

SCHEDULE I to Agreement

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
1	[****]	[****]	[****]
2	[****]	[****]	[****]
3	[****]	[****]	[****]
4	[****]	[****]	[****]
5	[****]	[****]	[****]
6	[****]	[****]	[****]
7	[****]	[****]	[****]
8	[****]	[****]	[****]
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31	[****]	[****]	[****]
32	[****]	[****]	[****]
33	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
34	[****]	[****]	[****]
35	[****]	[****]	[****]
36	[****]	[****]	[****]
37	[****]	[****]	[****]
38	[****]	[****]	[****]
39	[****]	[****]	[****]
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41	[****]	[****]	[****]
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64	[****]	[****]	[****]
65	[****]	[****]	[****]
66	[****]	[****]	[****]
67	[****]	[****]	[****]
68	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
69	[****]	[****]	[****]
70	[****]	[****]	[****]
71	[****]	[****]	[****]
72	[****]	[****]	[****]
73	[****]	[****]	[****]
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97	[****]	[****]	[****]
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99	[****]	[****]	[****]
100	[****]	[****]	[****]
101	[****]	[****]	[****]
102	[****]	[****]	[****]
103	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
104	[****]	[****]	[****]
105	[****]	[****]	[****]
106	[****]	[****]	[****]
107	[****]	[****]	[****]
108	[****]	[****]	[****]
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130	[****]	[****]	[****]
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132	[****]	[****]	[****]
133	[****]	[****]	[****]
134	[****]	[****]	[****]
135	[****]	[****]	[****]
136	[****]	[****]	[****]
137	[****]	[****]	[****]
138	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
139	[****]	[****]	[****]
140	[****]	[****]	[****]
141	[****]	[****]	[****]
142	[****]	[****]	[****]
143	[****]	[****]	[****]
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147	[****]	[****]	[****]
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150	[****]	[****]	[****]
151	[****]	[****]	[****]
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154	[****]	[****]	[****]
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167	[****]	[****]	[****]
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169	[****]	[****]	[****]
170	[****]	[****]	[****]
171	[****]	[****]	[****]
172	[****]	[****]	[****]
173	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
174	[****]	[****]	[****]
175	[****]	[****]	[****]
176	[****]	[****]	[****]
177	[****]	[****]	[****]
178	[****]	[****]	[****]
179	[****]	[****]	[****]
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183	[****]	[****]	[****]
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185	[****]	[****]	[****]
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191	[****]	[****]	[****]
192	[****]	[****]	[****]
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194	[****]	[****]	[****]
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196	[****]	[****]	[****]
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198	[****]	[****]	[****]
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206	[****]	[****]	[****]
207	[****]	[****]	[****]
208	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
209	[****]	[****]	[****]
210	[****]	[****]	[****]
211	[****]	[****]	[****]
212	[****]	[****]	[****]
213	[****]	[****]	[****]
214	[****]	[****]	[****]
215	[****]	[****]	[****]
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217	[****]	[****]	[****]
218	[****]	[****]	[****]
219	[****]	[****]	[****]
220	[****]	[****]	[****]
221	[****]	[****]	[****]
222	[****]	[****]	[****]
223	[****]	[****]	[****]
224	[****]	[****]	[****]
225	[****]	[****]	[****]
226	[****]	[****]	[****]
227	[****]	[****]	[****]
228	[****]	[****]	[****]
229	[****]	[****]	[****]
230	[****]	[****]	[****]
231	[****]	[****]	[****]
232	[****]	[****]	[****]
233	[****]	[****]	[****]
234	[****]	[****]	[****]
235	[****]	[****]	[****]
236	[****]	[****]	[****]
237	[****]	[****]	[****]
238	[****]	[****]	[****]
239	[****]	[****]	[****]
240	[****]	[****]	[****]
241	[****]	[****]	[****]
242	[****]	[****]	[****]
243	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
244	[****]	[****]	[****]
245	[****]	[****]	[****]
246	[****]	[****]	[****]
247	[****]	[****]	[****]
248	[****]	[****]	[****]
249	[****]	[****]	[****]
250	[****]	[****]	[****]
251	[****]	[****]	[****]
252	[****]	[****]	[****]
253	[****]	[****]	[****]
254	[****]	[****]	[****]
255	[****]	[****]	[****]
256	[****]	[****]	[****]
257	[****]	[****]	[****]
258	[****]	[****]	[****]
259	[****]	[****]	[****]
260	[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

FORM OF CFM ENGINE WARRANTY AGREEMENT

ENGINE WARRANTY ASSIGNMENT AGREEMENT ([YEAR] MSN [MSN])

THIS ENGINE WARRANTY ASSIGNMENT AGREEMENT ([YEAR] MSN [MSN]) (the "Assignment Agreement") dated as of , 201 is made by and between American Airlines, Inc., a corporation organized under the laws of Delaware (the "Assignor"), and Wells Fargo Bank Northwest, National Association, not in its individual capacity, but solely as Owner Trustee (the "Assignee"). Unless the context otherwise requires, terms which are capitalized but not otherwise defined herein shall have the meaning given to them in the General Terms Agreement or Lease, as applicable, such terms being as themselves herein defined.

WITNESSETH:

WHEREAS:

- (A) The Assignor and the Engine Manufacturer are parties to the General Terms Agreement providing, among other things, for product support, including warranties for the support, of the engines covered thereby, including the Engines, and related equipment given to the Assignor by the Engine Manufacturer;
- (B) The Assignee has agreed to enter into agreements with Airbus S.A.S. ("Airbus") and the Assignor, pursuant to which the Assignee has agreed that it will purchase the Aircraft from Airbus and contemporaneously lease the Aircraft, including the Engines, to the Assignor pursuant to the Lease;
- (C) In connection with the purchase of the Aircraft, the Assignee wishes to acquire certain rights and interest in and to warranties relating to the Engines, and the Assignor, on the terms and conditions hereinafter set forth, is willing to assign to the Assignee such rights and interests of the Assignor in and to such warranties, and the Assignee is willing to accept such assignment, as hereinafter set forth; and
- (D) The Engine Manufacturer is willing to execute and deliver to the Assignee the Engine Consent and Agreement in substantially the form of Schedule 1 hereto (the "Engine Consent and Agreement").

NOW, THEREFORE, in consideration of the mutual covenants herein contained and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

For all purposes of this Assignment Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

“Aircraft” shall mean one Airbus Model [model] aircraft bearing manufacturer’s serial number , including the Engines installed on such aircraft.

“Engine” shall mean each of the CFM56-5B engines bearing manufacturer’s serial numbers and .

“Engine Manufacturer” shall mean CFM International, Inc., a Delaware corporation.

“Event of Default” has the meaning given to such term in the Lease.

“General Terms Agreement” shall mean the General Terms Agreement dated as of November 18, 2011 between the Engine Manufacturer and the Assignor, insofar as such General Terms Agreement relates to the Engines, as heretofore amended, modified or supplemented, but excluding all letter agreements thereto except Letter Agreement No. 2 to the extent specified paragraphs of Attachment A to Letter Agreement No. 2 form part of the Warranties.

“Lease” means the Lease Agreement ([Year] MSN [MSN]) dated as of , 201 and entered into between the Assignor and the Assignee, whereby the Assignee has agreed to lease the Engines to the Assignor.

“Letter Agreement No. 2” means Letter Agreement No. 2, dated November 18, 2011, to the General Terms Agreement between the Engine Manufacturer and the Assignor regarding CFM56-5B Model engines.

“Participation Agreement” means the Participation Agreement ([Year] MSN [MSN]) dated as of , 201 and entered into among Assignor, Assignee and the Owner Participant named therein, whereby the Assignee has agreed to lease the Engines to the Assignor and the Assignor has agreed to lease the Engines from the Assignee.

“Warranties” means, solely with respect to each Engine, and each Module and Product related to such Engine, the Standard Warranty, Reconditioning Alternative, Standard Part Warranty, Ultimate Life Warranty, Standard Ultimate Life Warranty Parts Credit Allowance, Campaign Change Warranty, Warranty for Special Tools and Ground Equipment, Warranty Pass-On, Vendor Back-Up Warranty and Vendor Interface Warranty, in each case as set forth in paragraphs A.2, A.3, B.2., C.1., C.2.b., D, E, F, G, and H, respectively, of the Engine Warranty Plan attached as Attachment A to Letter Agreement No. 2 which forms part of the General Terms Agreement, as limited by the applicable terms of the General Terms Agreement and the Engine Warranty Plan, which paragraphs are attached as Exhibit A hereto.

2. Assignment and Authorization of Assignor.

2.1 The Assignor does hereby sell, assign, transfer and set over unto the Assignee, its successors and permitted assigns, all of the Assignor’s remaining rights and interests in and to the Warranties as and to the extent that the same relate to each Engine and the operation thereof, including, without limitation, in such assignment, (a) all claims for damages in

respect of such Engine arising as a result of any default by the Engine Manufacturer in respect of the Warranties, and (b) any and all rights of the Assignor to compel performance of the terms of the Warranties; reserving exclusively to the Assignor, however, (i) all of the Assignor's rights and interests in and to the Warranties and/or the General Terms Agreement as and to the extent that the same relate to engines other than such Engine and the purchase and operation of such engines, and (ii) any and all letter agreements except Letter Agreement No. 2 to the extent specified paragraphs of Attachment A to Letter Agreement No. 2 form part of the Warranties. The Assignee hereby accepts such assignment.

2.2 Notwithstanding the foregoing, during the Term of the Lease, so long, and only so long, as no Event of Default shall have occurred and be continuing, the Assignee hereby authorizes the Assignor, to exercise in the Assignor's name all rights in respect of the Warranties as and to the extent that the same relate to each Engine, except that the Assignor may not enter into any change order or other amendment, modification or supplement to the General Terms Agreement in respect of the Warranties relating to any Engine without the prior written consent of the Assignee (such consent not to be unreasonably withheld or delayed) if such change order, amendment, modification or supplement would result in any rescission, cancellation or termination of the Warranties with respect to such Engine or otherwise adversely affect the rights of the Assignee under the Warranties with respect to such Engine.

2.3 For all purposes of this Assignment Agreement, the Engine Manufacturer shall not be deemed to have knowledge of and need not recognize the occurrence, the continuance or the discontinuance of any Event of Default, or the expiration of the Term of the Lease (either by the passage of time or termination), unless and until the Engine Manufacturer shall have received from the Assignee written notice thereof addressed to the Engine Manufacturer's General Counsel - Commercial Engines at CFM International, Inc., c/o GE Aviation, One Neumann Way, Mail Drop F125, Cincinnati, Ohio 45215-6301, U.S.A., with copy to: Attn: Contracts Administration, CFM International, Inc., 1 Neumann Way, Mail Drop Y7, Cincinnati, OH 45215, U.S.A., and, in acting in accordance with the Warranties, the General Terms Agreement and this Assignment Agreement, the Engine Manufacturer may conclusively rely on such notice. Until such time as notice of an Event of Default, or of the expiration of the Term of the Lease (either by the passage of time or termination), shall have been given by the Assignee to the Engine Manufacturer, the Engine Manufacturer shall with respect to the Warranties deal solely and exclusively with the Assignor. The Assignee shall promptly, after all Events of Default have been remedied or waived, give written notice of the same to the Engine Manufacturer's General Counsel - Commercial Engines as provided above, with a copy to the Assignor at its address for notices set forth in the Lease, and upon the Engine Manufacturer's receipt of such notice, the Engine Manufacturer shall resume the sole and exclusive dealings with the Assignor authorized, in the absence of notice of an Event of Default, or the expiration of the Term of the Lease (either by the passage of time or termination), by this Section 2 and by the Engine Consent and Agreement.

2.4 Notwithstanding anything herein to the contrary, if at any time an Event of Default shall have occurred and be continuing: (i) at Assignee's option, the authorization to exercise the Warranties given to Assignor under Section 2.2 shall henceforth cease to be effective, and the right to exercise such Warranties shall automatically revert to Assignee without further action

by Assignee or Assignor (however, such reversion shall not be binding on the Engine Manufacturer until the Engine Manufacturer receives written notice thereof), and Assignee shall, to the exclusion of Assignor, be entitled to assert and enforce such rights, claims and interests, whether as substitute party plaintiff or otherwise, and Assignor shall cooperate with Assignee to enforce such rights, claims and interests; and (ii) whether or not Assignee exercises its option under clause (i) above, Assignee shall be entitled to receive all proceeds resulting from any such assertion or enforcement of rights, claims or interests (and any such proceeds received by Assignor shall be promptly paid over to Assignee) and, after deducting from the proceeds thereof all costs and expenses, including reasonable attorneys' fees that may have been incurred by Assignee in connection therewith, Assignee may hold the remaining proceeds as security under the Lease until Assignor shall have cured, or Assignee in writing shall have waived, all Events of Default, or at Assignee's option, apply all or any such remaining proceeds to the payment of any obligation of Assignor at the time due under the Lease and the balance, if any, shall be payable to Assignor when Assignor shall have cured, or Assignee shall have waived, all Events of Default.

3. Assignor's Continuing Obligations.

- 3.1 It is expressly agreed that, notwithstanding anything herein contained to the contrary: (a) the Assignor shall at all times remain liable to the Engine Manufacturer under the terms and conditions of the General Terms Agreement to perform all duties and obligations of the Assignor thereunder to the same extent as if this Assignment Agreement had not been executed, (b) the exercise by the Assignee of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations to the Engine Manufacturer under the General Terms Agreement, except to the extent that such exercise by the Assignee shall constitute performance of such duties and obligations, (c) the Assignor will exercise its rights and perform its obligations under the General Terms Agreement in respect of each Engine to the extent that such rights and obligations have not been assigned hereunder, and (d) except as specifically provided in Section 3.2 with respect to the Assignee, the Assignee shall not have any obligation or liability under the General Terms Agreement by reason of or arising out of this Assignment Agreement or be obligated to perform any of the obligations or duties of the Assignor under the General Terms Agreement or to make any payment or to make any inquiry as to the sufficiency of any payment received by it or to present or file and claim or to take any action to collect or enforce any claim for any payment assigned hereunder.
- 3.2 Notwithstanding anything contained in this Assignment Agreement to the contrary (but without in any way releasing the Assignor from any of its duties or obligations under the General Terms Agreement), the Assignee confirms expressly for the benefit of the Engine Manufacturer that, in exercising any rights in and to the Warranties, or in making any claim with respect thereto, the applicable terms and conditions of the General Terms Agreement (including any conditions, liabilities, and limitations), and the Warranties, shall apply to and be binding upon the Assignee to the same extent as the Assignor.
- 3.3 Nothing contained herein shall subject the Engine Manufacturer to any obligation or liability to which it would not otherwise be subject under the General Terms Agreement or

modify in any respect the contract rights of the Engine Manufacturer thereunder or subject the Engine Manufacturer to any multiple or duplicative obligation or liability under the General Terms Agreement or limit any rights of set-off the Engine Manufacturer may have against the Assignor under applicable law. No further assignment of any remaining Warranties, including, but not limited to, assignments for security purposes, are permitted without the express prior written consent of the Engine Manufacturer.

3.4 So long as the Engine Manufacturer acts in good faith in accordance with this Assignment Agreement, the Engine Manufacturer may rely conclusively on any notice given by the Assignee hereunder without inquiring as to the accuracy of, or the entitlement of the Assignee to give, such notice.

4. Further Assistance.

4.1 The Assignor agrees that, at any time and from time to time upon the written request of the Assignee, the Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Assignee shall reasonably request in order to obtain the full benefits of this Assignment Agreement and of the rights and powers herein granted.

5. Representations, Warranties and Covenants.

5.1 The Assignor does hereby represent and warrant that (i) a true and complete copy of the Warranties have been provided to the Assignee and that such provisions constitute all the provisions of the Warranties relevant to the rights assigned pursuant hereto, (ii) the General Terms Agreement is in full force and effect and is enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect which affect creditors' rights generally, and the Assignor and the Engine Manufacturer are not in default thereunder, (iii) the Assignor has, with the authorized execution of the Engine Consent and Agreement, received all necessary consents to assignment of the rights contemplated herein, and (iv) the rights assigned and transferred by the Assignor under Section 2, subject to the rights expressly reserved by this Assignment Agreement, are all the representations, warranties and indemnities provided to the Assignor by the Engine Manufacturer with respect to the rights assigned hereby relating to the Warranties.

5.2 The Assignor does hereby represent and warrant that it has not assigned or pledged the Warranties as they relate to any Engine to anyone other than the Assignee, and hereby covenants that the Assignor will not, without the prior written consent of the Assignee, assign or pledge the whole or any part of the Warranties that relates to any Engine. The Assignee shall not assign the whole or any part of the Warranties hereby assigned in respect of any Engine unless (i) such assignment is back to the Assignor in connection with the substitution of such Engine pursuant to Section 8(d) of the Lease or (ii) such assignment is consented to in writing by the Engine Manufacturer.

- 5.3 The Assignee agrees that it will not enter into any agreement with the Engine Manufacturer that would amend, modify, rescind, cancel or terminate the General Terms Agreement in respect of the Warranties or take other action to amend, modify, rescind, cancel or terminate any of the Assignor's rights in respect of the Warranties, without the prior written consent of the Assignor, except if the Engine Manufacturer shall have been notified in writing that an Event of Default has occurred and is continuing or the Term of the Lease has expired (either by the passage of time or termination).
- 5.4 Each of the Assignor and the Assignee agrees that this Assignment Agreement may not be amended, modified, supplemented, terminated or waived orally. Any and all amendments, extensions, modifications, supplements, terminations or waivers must be presented in writing and be signed by the Engine Manufacturer and the party against whom the enforcement of such amendment, modification, supplement, termination or waiver is sought to be charged.
6. Confidentiality.
- 6.1 The Assignee agrees, expressly for the benefit of the Engine Manufacturer, that it will not, without the prior written consent of the Engine Manufacturer, disclose, directly or indirectly to any third party, any terms of the Warranties or any other portion of the General Terms Agreement at any time disclosed to it by the Assignor incident to effecting the assignment herein; provided, that (a) the Assignee may use, retain, and disclose any such information to its representatives, agents, employees, auditors, counsel and accountants, who shall maintain the confidentiality of such terms, (b) the Assignee may disclose any such terms as required by applicable law, governmental regulations, subpoena, or other written demand under color of legal right for such information but it shall first, as soon as practicable upon receipt of such demand and to the extent permitted by applicable laws, furnish a copy thereof to the Assignor and the Engine Manufacturer, and the Assignee shall afford the Assignor and the Engine Manufacturer reasonable opportunity, at the moving party's cost and expense, to obtain a protective order or other satisfactory assurance reasonably satisfactory to the Engine Manufacturer of confidential treatment for the information required to be disclosed, (c) the Assignee may disclose such terms to any bona fide potential purchaser or lessee of the Engines or to any bona fide potential financing party providing financing in respect of the Engines and/or the Aircraft, subject to execution by such prospective purchaser, lessee or financing party of a written confidentiality statement setting forth the same or substantially similar terms as those referred to in this Section 6, and (d) the Assignee may disclose such terms as permitted under Section 10.4 of the Participation Agreement as if this Assignment Agreement were specifically referred to therein, and subject to execution by such persons to whom the disclosure is made under Section 10.4 of a written confidentiality statement setting forth the same or substantially similar terms as those referred to in this Section 6.
7. Miscellaneous.

7.1 This Assignment Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

7.2 This Assignment Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

IN WITNESS WHEREOF, the parties hereto have caused this Engine Warranty Assignment Agreement ([YEAR] MSN [MSN]) to be duly executed and effective as of the day and year first above written.

AMERICAN AIRLINES, INC.

By: _____
Name: _____
Title: _____

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION,
not in its individual capacity, but solely as
Owner Trustee

By: _____
Name: _____
Title: _____

SCHEDULE 1

FORM OF ENGINE CONSENT AND AGREEMENT ([YEAR] MSN [MSN])

CFM International, Inc., a Delaware corporation (the "Engine Manufacturer"), hereby acknowledges notice and receipt of the Engine Warranty Assignment Agreement ([YEAR] MSN [MSN]) made by and between American Airlines, Inc. (the "Assignor") and Wells Fargo Bank Northwest, National Association, not in its individual capacity, but solely as Owner Trustee (the "Assignee"), dated as of , 201 (the "Assignment Agreement"). Terms defined in the Assignment Agreement shall be used herein with the same meaning.

The Engine Manufacturer hereby consents to the assignment of the Warranties by the Assignor to the Assignee pursuant to the Assignment Agreement and hereby confirms to the Assignee that (a) all representations, warranties, indemnities, and agreements of the Engine Manufacturer under the Warranties with respect to the Engines shall, subject to the terms and conditions thereof, inure to the benefit of the Assignee to the same extent as to Assignor therein except as provided otherwise in Section 2 of the Assignment Agreement; (b) the Assignee shall not be liable for any of the obligations or duties of the Assignor under the General Terms Agreement, nor shall the Assignment Agreement give rise to any duties or obligations whatsoever on the part of the Assignee owing to the Engine Manufacturer, except for the Assignee's agreement in the Assignment Agreement with respect to the Engines to the effect that in exercising any right assigned to it under the Warranties or in making any claim with respect thereto, the terms and conditions of the General Terms Agreement (including any conditions, liabilities, and limitations) relating to any Engine, and the Warranties, shall apply to and be binding upon the Assignee to the same extent as the Assignor; and (c) the Engine Manufacturer will continue to pay to the Assignor all payments that the Engine Manufacturer may be required to make (and that have been assigned to Assignee under the Assignment Agreement) in respect of any Engine under the Warranties unless and until the Engine Manufacturer shall have received written notice from the Assignee, addressed to its General Counsel - Commercial Engines at CFM International, Inc., c/o GE Aviation, One Neumann Way, Mail Drop F125, Cincinnati, Ohio 45215-6301, U.S.A., with copy to: Attn: Contracts Administration, CFM International, Inc., 1 Neumann Way, Mail Drop Y7, Cincinnati, OH 45215, U.S.A., that an Event of Default has occurred and is continuing or the Term of the Lease has expired (either by the passage of time or termination) and that payments should be made otherwise.

The Engine Manufacturer shall not be deemed to have knowledge of any change in the authority of Assignor or Assignee, as the case may be, to exercise the rights established in the Assignment Agreement until the Engine Manufacturer has received written notice thereof. Any performance by the Engine Manufacturer that discharges its obligations under the Warranties in accordance with the terms of the General Terms Agreement as of the date hereof will satisfy the respective interests of the Assignor and Assignee. So long as the Engine Manufacturer acts in good faith in accordance with the Assignment Agreement and this Engine Consent and Agreement, the Engine Manufacturer may rely conclusively on any notice given by the Assignee without inquiring as to the accuracy of, or the entitlement of the Assignee to give such notice.

Notwithstanding any provision to the contrary in this Engine Consent and Agreement or in the Assignment Agreement, the Engine Manufacturer shall not be construed as being a party to the Assignment Agreement and nothing contained herein shall subject the Engine Manufacturer to any multiple or duplicative liability or to any obligation or liability to which it would not otherwise be subject under the General Terms Agreement other than the fact that such obligation or liability in respect to the Warranties shall be owed to the Assignee and such rights shall be exercisable subject to the rights of the assignment created under the Assignment Agreement. Nothing contained herein shall modify in any respect the contract rights of the Engine Manufacturer under the General Terms Agreement or limit any rights of set-off the Engine Manufacturer may have under applicable law. No further assignment of any remaining Warranties, including, without limitation, assignments for security purposes, are permitted without the express written consent of the Engine Manufacturer; provided that the Assignee may assign the Warranties in respect of any Engine back to the Assignor in connection with the substitution of such Engine pursuant to Section 8(d) of the Lease, in which case the Assignee shall give the Engine Manufacturer a written notice of such assignment, addressed to its General Counsel - Commercial Engines at CFM International, Inc., c/o GE Aviation, One Neumann Way, Mail Drop F125, Cincinnati, Ohio 45215-6301, U.S.A.

To the extent permitted by applicable law, this Engine Consent and Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Dated as of , 201

CFM INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

WARRANTIES

[To be attached]

FORM OF IAE ENGINE WARRANTY AGREEMENT

ENGINE WARRANTY ASSIGNMENT AGREEMENT ([YEAR] MSN [MSN])[Ftnt]

THIS ENGINE WARRANTY ASSIGNMENT AGREEMENT ([YEAR] MSN [MSN]) (the “Assignment Agreement”) dated as of , 201 is made by and among IAE International Aero Engines AG, a joint stock company organized and existing under the laws of Switzerland (the “Engine Manufacturer”), American Airlines, Inc., a corporation organized under the laws of Delaware (the “Assignor”), and Lessor, not in its individual capacity, but solely as Owner Trustee (the “Assignee”). Unless the context otherwise requires, terms which are capitalized but not otherwise defined herein shall have the meaning given to them in the General Terms Agreement or Lease, as applicable, such terms being as themselves herein defined.

WITNESSETH:

WHEREAS:

- (A) The Assignor and the Engine Manufacturer are parties to the General Terms Agreement providing, among other things, for product support, including warranties for the support, of the Engines given to the Assignor by the Engine Manufacturer;
- (B) The Assignee has agreed to enter into agreements with Airbus S.A.S. (“Airbus”) and the Assignor, pursuant to which the Assignee has agreed that it will purchase the Aircraft from Airbus and contemporaneously lease the Aircraft to the Assignor pursuant to the Lease;
- (C) In connection with the purchase of the Aircraft, the Assignee wishes to acquire certain rights and interest in and to warranties relating to the Engines, and the Assignor, on the terms and conditions hereinafter set forth, is willing to assign to the Assignee such rights and interests of the Assignor in and to such warranties, and the Assignee is willing to accept such assignment, as hereinafter set forth; and
- (D) The Engine Manufacturer is willing to consent to such assignment, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

[Ftnt] Insert this Form of Engine Warranty Assignment Agreement as Exhibit H to the Participation Agreement for A321 Aircraft.

1. Definitions.

For all purposes of this Assignment Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

“Aircraft” shall mean one Airbus Model A321-200 aircraft bearing manufacturer’s serial number , including the Engines installed on such aircraft.

“Engine” shall mean each of the IAE V2533-A5 engines bearing manufacturer’s serial numbers and .

“Event of Default” has the meaning given to such term in the Lease.

“General Terms Agreement” shall mean the General Terms Agreement dated as of November 18, 2011 between the Engine Manufacturer and the Assignor, insofar as such General Terms Agreement relates to the Engines, as heretofore amended, modified or supplemented.

“Lease” means the Lease Agreement ([Year] MSN [MSN]) dated as of , 201 and entered into between the Assignor and the Assignee, whereby the Assignee has agreed to lease the Engines to the Assignor.

“Module” has the meaning set forth in Section VI, paragraph P of the IAE International Aero Engines AG V2500 Engine and Parts Service Policy attached as Annex 2 to this Assignment Agreement.

“Participation Agreement” means the Participation Agreement ([Year] MSN [MSN]) dated as of , 201 and entered into among Assignor, Assignee and the Owner Participant named therein, whereby the Assignee has agreed to lease the Engines to the Assignor and the Assignor has agreed to lease the Engines from the Assignee.

“Product” means each product related to the Engines as may be offered for sale and/or provided by Engine Manufacturer from time to time, and which are covered under the Warranties.

“Warranties” means, solely with respect to each Engine, Module and Product, the Engine Manufacturer’s warranties set forth in Attachment 1 hereto, consisting of the General Terms Agreement Section 11.1 and Section 11.4, and Attachment 2 hereto, consisting of the IAE International Aero Engines AG V2500 Engine and Parts Service Policy.

2. Assignment.

2.1 The Assignor does hereby sell, assign, transfer and set over unto the Assignee, its successors and permitted assigns, all of the Assignor’s remaining rights and interests in

and to the Warranties as and to the extent that the same relate to each Engine and the operation thereof, including, without limitation, in such assignment, (a) all claims for damages in respect of such Engine arising as a result of any default by the Engine Manufacturer in respect of the Warranties, and (b) any and all rights of the Assignor to compel performance of the terms of the Warranties; reserving exclusively to the Assignor, however, all of the Assignor's rights and interests in and to the Warranties and/or the General Terms Agreement as and to the extent that the same relate to engines other than such Engine and the purchase and operation of such engines. The Assignee hereby accepts such assignment, and the Engine Manufacturer hereby consents to such assignment on the terms and conditions stated herein and hereby confirms to the Assignee that all representations, warranties, indemnities, and agreements of the Engine Manufacturer under the Warranties with respect to the Engines shall inure to the benefit of the Assignee to the same extent as to the Assignor except as provided otherwise in Section 2.2 below.

2.2 Notwithstanding the foregoing, during the Term of the Lease, so long, and only so long, as no Event of Default shall have occurred and be continuing, the Assignee hereby authorizes the Assignor, to exercise in the Assignor's name all rights in respect of the Warranties as and to the extent that the same relate to each Engine, except that the Assignor may not enter into any change order or other amendment, modification or supplement to the Warranties relating to any Engine without the prior written consent of the Assignee (such consent not to be unreasonably withheld or delayed) if such change order, amendment, modification or supplement would result in any rescission, cancellation or termination of the Warranties with respect to such Engine or otherwise adversely affect the rights of the Assignee under the Warranties with respect to such Engine.

2.3 For all purposes of this Assignment Agreement, the Engine Manufacturer shall not be deemed to have knowledge of and need not recognize the occurrence, the continuance or the discontinuance of any Event of Default, or the expiration of the Term of the Lease (either by the passage of time or termination), unless and until the Engine Manufacturer shall have received from the Assignee written notice thereof addressed to the Engine Manufacturer's Chief Legal Officer, at IAE International Aero Engines AG, 400 Main Street, East Hartford, Connecticut 06108 M/S 121-10 U.S.A., and, in acting in accordance with the Warranties and this Assignment Agreement, the Engine Manufacturer may conclusively rely on such notice. Until such time as notice of an Event of Default, or of the expiration of the Term of the Lease (either by the passage of time or termination), shall have been given by the Assignee to the Engine Manufacturer, the Engine Manufacturer shall with respect to the Warranties deal solely and exclusively with the Assignor. Upon receipt by Engine Manufacturer, from Assignee, of written notice of an Event of Default, or of the expiration of Term of the Lease (either by the passage of time or termination), in either case provided in accordance with this Section 2.3, the Engine Manufacturer shall with respect to the Warranties deal solely and exclusively with the Assignee. From the date of any such notice, the Engine Manufacturer shall have no liability whatsoever in any respect to Assignor with respect to the Warranties except if the Engine Manufacturer receives written notice from the Assignee that all Events of Default have been remedied or waived in accordance with the following sentence. The Assignee shall promptly, after all Events of Default have been remedied or waived, give written notice of the same to the Engine Manufacturer's Chief Legal Officer as provided above, with a copy to the Assignor at its address for notices set forth in the Lease,

and upon the Engine Manufacturer's receipt of such notice, the Engine Manufacturer shall resume the sole and exclusive dealings with the Assignor authorized, in the absence of notice of an Event of Default, or the expiration of the Term of the Lease (either by the passage of time or termination), by this Section 2.

2.4 Notwithstanding anything herein to the contrary, if at any time an Event of Default shall have occurred and be continuing: (i) at Assignee's option, the authorization to exercise the Warranties given to Assignor under Section 2.2 shall henceforth cease to be effective and the right to exercise such Warranties shall automatically revert to Assignee without further action by Assignee or Assignor (however, such reversion shall not be binding on the Engine Manufacturer until the Engine Manufacturer receives written notice thereof), and Assignee shall, to the exclusion of Assignor, be entitled to assert and enforce such rights, claims and interests, and Assignor shall cooperate with Assignee to enforce such rights, claims and interests; and (ii) whether or not Assignee exercises its option under clause (i) above, Assignee shall be entitled to receive all proceeds resulting from any such assertion or enforcement of rights, claims or interests (and any such proceeds received by Assignor shall be promptly paid over to Assignee) and, after deducting from the proceeds thereof all costs and expenses, including reasonable attorneys' fees that may have been incurred by Assignee in connection therewith, Assignee may hold the remaining proceeds as security under the Lease until Assignor shall have cured, or Assignee in writing shall have waived, all Events of Default, or at Assignee's option, apply all or any such remaining proceeds to the payment of any obligation of Assignor at the time due under the Lease and the balance, if any, shall be payable to Assignor when Assignor shall have cured, or Assignee shall have waived, all Events of Default.

3. Assignor's Continuing Obligations.

3.1 It is expressly agreed that, notwithstanding anything herein contained to the contrary: (a) the Assignor shall at all times remain liable to the Engine Manufacturer under the terms and conditions of the General Terms Agreement and the Warranties to perform all duties and obligations of the Assignor thereunder to the same extent as if this Assignment Agreement had not been executed, (b) the exercise by the Assignee of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations to the Engine Manufacturer under the General Terms Agreement and the Warranties, except to the extent that such exercise by the Assignee shall constitute performance of such duties and obligations, (c) the Assignor will exercise its rights and perform its obligations under the General Terms Agreement and the Warranties in respect of each Engine to the extent that such rights and obligations have not been assigned hereunder, and (d) except as specifically provided in Section 3.2 with respect to the Assignee, the Assignee shall not have any obligation or liability under the General Terms Agreement or the Warranties by reason of or arising out of this Assignment Agreement or be obligated to perform any of the obligations or duties of the Assignor under the General Terms Agreement or the Warranties or to make any payment or to make any inquiry as to the sufficiency of any payment received by it or to present or file and claim or to take any action to collect or enforce any claim for any payment assigned hereunder.

3.2 Notwithstanding anything contained in this Assignment Agreement to the contrary (but without in any way releasing the Assignor from any of its duties or obligations under the General Terms Agreement and the Warranties), the Assignee confirms expressly for the benefit of the Engine Manufacturer that, in exercising any rights in and to the Warranties, or in making any claim with respect thereto, the applicable terms and conditions of the Warranties and this Assignment Agreement shall apply to and be binding upon the Assignee to the same extent as the Assignor.

3.3 Nothing contained herein shall subject the Engine Manufacturer to any obligation or liability to which it would not otherwise be subject under the General Terms Agreement or the Warranties or modify in any respect the contract rights of the Engine Manufacturer thereunder or subject the Engine Manufacturer to any multiple or duplicative obligation or liability under the General Terms Agreement or the Warranties or limit any rights of set-off the Engine Manufacturer may have against the Assignor under applicable law. No further assignment of any remaining Warranties, including, but not limited to, assignments for security purposes, are permitted without the express prior written consent of the Engine Manufacturer.

3.4 So long as the Engine Manufacturer acts in good faith in accordance with this Assignment Agreement, the Engine Manufacturer may rely conclusively on any notice given by the Assignee hereunder without inquiring as to the accuracy of, or the entitlement of the Assignee to give, such notice. The Engine Manufacturer shall not be liable to either Assignee or Assignor for any costs, expenses, losses, or liabilities incurred by Assignor or Assignee as a result of the Engine Manufacturer's reliance on such notice to the extent that the information provided in such notice proves to be incorrect. In such event, Assignor will look solely to Assignee for any damages incurred by Assignor as a result of such incorrect notice.

4. Further Assistance.

The Assignor agrees that, at any time and from time to time upon the written request of the Assignee, the Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Assignee shall reasonably request in order to obtain the full benefits of this Assignment Agreement and of the rights and powers herein granted.

5. Representations, Warranties and Covenants.

5.1 The Assignor and the Engine Manufacturer do hereby represent and warrant that (i) a true and complete copy of the assignable Warranties have been provided to the Assignee in Attachment 1 and Attachment 2 to this Assignment Agreement and that such provisions constitute all the provisions of the Warranties relevant to the rights assigned pursuant hereto, (ii) the General Terms Agreement and the Warranties are in full force and effect and are enforceable in accordance with their respective terms, except as such enforceability

may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect which affect creditors' rights generally, and the Assignor and the Engine Manufacturer are not in default thereunder, (iii) the Assignor has, with the authorized execution of this Assignment Agreement by the Engine Manufacturer, received all necessary consents to assignment of the rights contemplated herein, and (iv) the rights assigned and transferred by the Assignor under Section 2, subject to the rights expressly reserved by this Assignment Agreement, are all the assignable representations, warranties and indemnities provided to the Assignor by the Engine Manufacturer with respect to the rights assigned hereby relating to the Warranties.

5.2 The Assignor does hereby represent and warrant that it has not assigned or pledged the Warranties as they relate to any Engine to anyone other than the Assignee, and hereby covenants that the Assignor will not, without the prior written consent of the Assignee, assign or pledge the whole or any part of the Warranties that relates to any Engine. The Assignee shall not assign the whole or any part of the Warranties hereby assigned in respect of any Engine unless (i) such assignment is back to the Assignor in connection with the substitution of such Engine pursuant to Section 8(d) of the Lease or (ii) such assignment is consented to in writing by the Engine Manufacturer.

5.3 The Assignee agrees that it will not enter into any agreement with the Engine Manufacturer that would amend, modify, rescind, cancel or terminate the Warranties or take other action to amend, modify, rescind, cancel or terminate any of the Assignor's rights in respect of the Warranties, without the prior written consent of the Assignor, except if the Engine Manufacturer shall have been notified in writing that an Event of Default has occurred and is continuing or the Term of the Lease has expired (either by the passage of time or termination).

5.4 The Assignor, Engine Manufacturer and the Assignee agree that this Assignment Agreement may not be amended, extended, modified, supplemented, terminated or waived orally. Any and all amendments, extensions, modifications, supplements, terminations or waivers must be presented in writing and be signed by all parties.

6. Confidentiality.

6.1 The Assignee agrees, expressly for the benefit of the Engine Manufacturer, that it will not, without the prior written consent of the Engine Manufacturer, disclose, directly or indirectly to any third party, any terms of the Warranties or any other portion of the General Terms Agreement at any time disclosed to it by the Assignor incident to effecting the assignment herein; provided, that (a) the Assignee may use, retain, and disclose any such information to its representatives, agents, employees, bank examiners, auditors, accountants and legal counsel, each with a need to know such information, who shall maintain the confidentiality of such terms, (b) the Assignee may disclose any such terms as required by applicable law, governmental regulations, subpoena, or other written demand under color of legal right for such information but it shall first, as soon as practicable upon receipt of such demand and to the extent permitted by applicable laws, furnish a copy thereof to the Assignor and the Engine Manufacturer, and the Assignee shall afford the

Assignor and the Engine Manufacturer reasonable opportunity, at the moving party's cost and expense, to obtain a protective order or other satisfactory assurance reasonably satisfactory to the Engine Manufacturer of confidential treatment for the information required to be disclosed, and (c) the Assignee may disclose such terms of the Warranties to any Person with whom it is in good faith conducting negotiations relating to a possible Back-Leveraging Transaction or permitted transfer, sale or other disposition of its rights and obligations under the Participation Agreement, the Lease and the other Operative Documents, except for any direct competitor (that is, any aircraft engine manufacturer), or any indirect competitor (that is an aircraft engine maintenance, repair and overhaul provider), of the Engine Manufacturer, subject to execution by such Person of a written confidentiality statement setting forth the same or substantially similar terms as those referred to in this Section 6 and (d) the Assignee may disclose such terms of the Warranties to any bona fide potential purchaser or lessee of the Engines or to any bona fide potential financing party providing financing in respect of the Engines and/or the Aircraft, except for any direct competitor (that is, any aircraft engine manufacturer), or any indirect competitor (that is an aircraft engine maintenance, repair and overhaul provider), of the Engine Manufacturer, subject to execution by such Person of a written confidentiality statement setting forth the same or substantially similar terms as those referred to in this Section 6.

7. Export.

7.1 The export and re-export, transfer, re-transfer, diversion or import of Engines, Modules, commodities, technical data, software, goods and services (including products derived from or based on such technical data) received directly or indirectly from Engine Manufacturer ("Goods") are subject to Export Laws. Each of Engine Manufacturer, Assignor and Assignee agrees that it will not, directly or indirectly, knowingly sell, export, re-export, transfer, divert, or otherwise dispose of any Goods to any Prohibited Party without obtaining prior authorization from the relevant government authorities as required pursuant to Export Laws.

7.2 For purposes of this Section 7:

"Export Laws" shall include, but are not limited to, the U.S. Commerce Department's Export Administration Regulations ("EAR"), U.S. State Department's International Traffic in Arms Regulations ("ITAR"), U.S. Treasury Department's Foreign Assets Control Regulations, Nuclear Regulatory Commission Regulations and the U.S. Energy Department's Assistance to Foreign Atomic Energy Activities Regulations, the European Union Council Regulation (EC) No. 428/2009; and

"Prohibited Parties" mean, collectively, those countries, and persons and entities from those countries, on which the U.S., German, British, Japanese or European Union Governments ("Applicable Governments") maintain an embargo or sanctions and those entities and individuals on the Applicable Governments' lists of restricted or denied parties pursuant to applicable export laws.

7.3 The Engine Manufacturer shall have the right to suspend performance of its obligations under this Assignment Agreement towards the Assignor or the Assignee, as the case may be, in the event that the Engine Manufacturer has reason to believe that such party is about to or has breached any Export Laws. The Engine Manufacturer shall resume performance at such time as the subject breach is resolved. If permitted by the relevant Export Laws, the Engine Manufacturer will, prior to any suspension of its performance under this Assignment Agreement or, if not possible (acting reasonably), immediately after any suspension of its performance under this Assignment Agreement, notify the Assignor and the Assignee in writing stating the grounds for its reason to believe that the Assignor or the Assignee, as the case may be, has breached the Export Laws.

8. Limitation of Liability of Engine Manufacturer.

The express provisions of the Warranties set forth the maximum liability of IAE with respect to any claims relating to the Warranties. In the event of any conflict or inconsistency between the express provisions of the Warranties and any illustrations contained therein, the express provisions shall apply. In no event will Engine Manufacturer have any liability for any indirect, incidental, special, or consequential damages under the Warranties. Notwithstanding the foregoing, nothing herein shall limit Engine Manufacturer's obligations and liabilities (1) to the extent caused by or arising out of the gross negligence or willful misconduct of Engine Manufacturer, (2) to the extent of any express indemnity obligation of Engine Manufacturer in this Assignment Agreement or the Warranties or (3) with regard to injury, damage, cost or expense, or other liability claimed by any third party, whether asserted against Assignor or its affiliates, Assignee or its affiliates or Engine Manufacturer or its shareholders.

8. Miscellaneous.

8.1 The Engine Manufacturer shall incur no new or additional obligations, costs, expenses or liabilities whatsoever by reason of this Agreement or the transaction contemplated hereby. Nothing in this Agreement shall subject the Engine Manufacturer to any multiple or duplicate liability or obligations under the Warranties or the General Terms Agreement, except in the event that the Engine Manufacturer fails to deal solely and exclusively with Assignor or Assignee, as the case may be, in accordance with Section 2.

8.2 This Assignment Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

8.3 This Assignment Agreement and any claim arising out of or relating to this Assignment Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

IN WITNESS WHEREOF, the parties hereto have caused this Engine Warranty Assignment Agreement (MSN) to be duly executed and effective as of the day and year first above written.

AMERICAN AIRLINES, INC.

By: _____
Name: _____
Title: _____

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION,
not in its individual capacity, but solely as
Owner Trustee

By: _____
Name: _____
Title: _____

IAE INTERNATIONAL AERO ENGINES AG

By: _____
Name: _____
Title: _____

ATTACHMENT 1

**GENERAL TERMS AGREEMENT
SECTIONS 11.1 AND SECTIONS 11.4**

[To be attached]

ATTACHMENT 2

**IAE INTERNATIONAL AERO ENGINES AG
V2500 ENGINE AND PARTS SERVICE POLICY**

[To be attached]

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.

AMENDMENT NO. 4

to the

A320 Family Aircraft Purchase Agreement

made July 20, 2011

between

AIRBUS S.A.S.

and

AMERICAN AIRLINES, INC.

This Amendment No. 4 to the A320 Family Purchase Agreement made July 20, 2011 (as amended, supplemented or otherwise modified, hereinafter referred to as the “**Amendment**”), entered into as of June 18, 2014, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, 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, made 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 Buyer and the Seller have agreed to modify certain terms of Letter Agreement No. 2 to Amendment No. 1 to the Agreement, dated as of January 11, 2013 (the “**Letter Agreement**”), relating to [****].

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.

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1 [****]

1.1 Paragraph 1 of the Letter Agreement is hereby amended by adding the following quoted text at the end of such paragraph:

QUOTE

As used in this Letter Agreement, the term “**Leased Aircraft**” shall include any Aircraft that is scheduled to be leased from a Lessor, including any Aircraft subject to or that becomes subject to a Leasing Letter, regardless of whether the Buyer leases such Aircraft from the applicable Lessor or acquires the right to purchase such Aircraft from the applicable Third Party prior to Delivery.

UNQUOTE

1.2 Footnote 1 in Paragraph 2.1 of the Letter Agreement is hereby amended by deleting the text of such footnote in its entirety and replacing it with the following quoted text:

QUOTE

As set forth in Schedule I to the Agreement, as amended.

UNQUOTE

1.3 A new Paragraph 2.4 is hereby added to the Letter Agreement following Paragraph 2.3 with the following quoted text:

QUOTE

2.4 [****]

Notwithstanding anything in this Letter Agreement to the contrary, in the event that either (i) the Buyer or any Affiliate of the Buyer becomes the Owner Participant or owner with respect to any [****] or (ii) any Lease with respect to any [****] is terminated and title to such [****] is transferred to the Buyer or any Affiliate of the Buyer, or any designee of the Buyer or any Affiliate of the Buyer (any such [****] for which clause (i) or (ii) is applicable, an [****]), the Seller shall continue to [****]. For the avoidance of doubt, Paragraphs 2.3, 5 and 6 of this Letter Agreement shall not be applicable with respect to any [****] (except in the case an [****] is leased to the Buyer, in which case Paragraphs 5 and 6 shall be applicable to the extent provided below), and the Seller shall [****] in the manner set forth in Paragraph 3 hereof without any prompting from the Buyer. If any [****] shall be leased to the Buyer from a third party lessor at any time when the Seller remains [****] the Buyer, Paragraphs 5 and 6 hereof shall be applicable to such [****], provided that the Buyer shall be deemed to have complied with Paragraph 5 if the Buyer has provided written confirmation to the Seller that it has [****].

CT1001520 Page 2

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

UNQUOTE

1.4 Paragraph 10 of the Letter Agreement is hereby amended by deleting such Paragraph in its entirety and replacing it with the following quoted text:

QUOTE

10 CONFIDENTIALITY

Each of the Seller and the Buyer agree not to disclose the terms and conditions of this Letter Agreement to any person without the prior written consent of the other party. Notwithstanding the foregoing, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent (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.

UNQUOTE

2 REFERENCES

On and after the date of this Amendment:

- (i) each reference in the Letter Agreement to "this Letter Agreement", "hereunder", "hereof" or words of like import referring to the Letter Agreement shall mean and be a reference to the Letter Agreement as amended by this Amendment, and
- (ii) each reference in the Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment.

3 ASSIGNMENT

This Amendment and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Amendment may not be assigned by the Buyer under either Clause 21.5 or 21.6 of the Agreement without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

4 CONFIDENTIALITY

Each of 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, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent (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.

5 COUNTERPARTS

This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ AIRBUS S.A.S.

Name:

Title: Senior VP Contracts

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: /s/ AMERICAN AIRLINES, INC.

Name:

Title: VP Fleet Planning

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.

AMENDMENT NO. 5

to the

A320 Family Aircraft Purchase Agreement

made July 20, 2011

between

AIRBUS S.A.S.

and

AMERICAN AIRLINES, INC.

This Amendment No. 5 to the A320 Family Purchase Agreement made July 20, 2011 (as amended, supplemented or otherwise modified, hereinafter referred to as the “**Amendment**”), entered into as of June 24, 2014, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, 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, made 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**”.

WHEREAS, the Buyer and the Seller have agreed to modify certain terms relating to new engine models;

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.

1 ENGINE SELECTION

1.1 Clause 0 (Definitions) of the Agreement is hereby amended by deleting the definitions for A319 NEO Group 1 Aircraft, A320 NEO Group 1 Aircraft, A321 NEO Group 1 Aircraft, Base Price of the Propulsion System, and Propulsion System Reference Price in their entirety and replacing such definitions with the following quoted text in alphabetical order:

QUOTE

A319 NEO Group 1 Aircraft – any or all of the A319 NEO Aircraft for which the Buyer has selected a Propulsion System manufactured by CFM pursuant to Clause 2.4.

A320 NEO Group 1 Aircraft – any or all of the A320 NEO Aircraft for which the Buyer has selected a Propulsion System manufactured by CFM pursuant to Clause 2.4.

A321 NEO Group 1 Aircraft – any or all of the A321 NEO Aircraft for which the Buyer has selected a Propulsion System manufactured by CFM pursuant to Clause 2.4.

Base Price of the Propulsion System – the Engine A Base Price, the Engine B Base Price, the Engine C Base Price, the Engine D Base Price, the Engine E Base Price, the Engine F Base Price, the Engine G Base Price, the Engine H Base Price, the Engine I Base Price, the Engine J Base Price, the Engine K Base Price, the Engine L Base Price, the Engine M Base Price, the Engine N Base Price, the Engine O Base Price, or the Engine P Base Price, as applicable.

Propulsion System Reference Price – the Engine A Reference Price, the Engine B Reference Price, the Engine C Reference Price, the Engine D Reference Price, the Engine E Reference Price, the Engine F Reference Price, the Engine G Reference Price, the Engine H Reference Price, the Engine I Reference Price, the Engine J Reference Price, the Engine K Reference Price, the Engine L Reference Price, the Engine M Reference Price, the Engine N Reference Price, the Engine O Reference Price or the Engine P Reference Price, as applicable.

UNQUOTE

1.2 Clause 0 (Definitions) of the Agreement is hereby amended by adding the following quoted text in alphabetical order:

QUOTE

Engine M Base Price – as defined in Clause 3.1.2.13.

Engine M Reference Price – as defined in Clause 3.1.2.13.

Engine N Base Price – as defined in Clause 3.1.2.14.

Engine N Reference Price – as defined in Clause 3.1.2.14.

Engine O Base Price – as defined in Clause 3.1.2.15.

Engine O Reference Price – as defined in Clause 3.1.2.15.

Engine P Base Price – as defined in Clause 3.1.2.16.

Engine P Reference Price – as defined in Clause 3.1.2.16.

UNQUOTE

1.3 Clause 2.4.4 of the Agreement is amended by replacing “LEAP-X1A24” with “LEAP-1A24 or LEAP-1A26” and replacing “PW1124G” with “PW1124G-JM or PW1127G1-JM”.

1.4 Clause 2.4.5 of the Agreement is amended by replacing “LEAP-X1A26” with “LEAP-1A26” and replacing “PW1127G” with “PW1127G-JM”.

1.5 Clause 2.4.6 of the Agreement is amended by replacing “LEAP-X1A32” with “LEAP-1A32, LEAP-1A33 or LEAP-1A33B2” and replacing “PW1133G” with “PW1133G-JM or PW1133G1-JM”.

1.6 Clause 3.1.1.8 of the Agreement is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

3.1.1.8 Base Price of the A321 NEO Group 1 Airframe

The “**Base Price of the A321 NEO Group 1 Airframe**” is the sum of the following base prices:

(i) the base price of the A321 NEO Airframe as defined in the A321 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

US\$ [****]

(US dollars – [****]) and

(ii) the sum of the base prices of any and all SCNs (other than Irrevocable SCNs to the extent included in clause (iii) below) set forth in Exhibit A-7 is:

US\$ [****]

AMD 5AAL_A320Family Page 3

SPH-2122766-6 / CT1001520

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

(US dollars – [****]) and

(iii) the sum of the Irrevocable SCNs set forth in Exhibit A-7 is the sum of:

(a) the base price of the New Engine Option is:

US\$ [****]

(US dollars – [****]) and

(b) the base price of the Sharklets is:

US\$ [****]

(US dollars – [****]) and

(iv) the base price of the Master Charge Engine at delivery conditions prevailing in January 2010 is:

US\$ [****]

(US dollars – [****]) and

(v) in the event the Buyer selects the LEAP-1A33B2 as the A321 Propulsion System pursuant to Clause 2.4 hereof, the base price of the airframe SCN related thereto is:

US\$ [****]

(US dollars – [****]).

The Base Price of the A321 NEO Group 1 Airframe has been established in accordance with the average economic conditions prevailing in the A320 Family NEO Base Period.

UNQUOTE

1.7 Clause 3.1.1.9 of the Agreement is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

3.1.1.9 Base Price of the A321 NEO Group 2 Airframe

SPH-2122766-9

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The “**Base Price of the A321 NEO Group 2 Airframe**” is the sum of the following base prices:

- (i) the base price of the A321 NEO Airframe as defined in the A321 Standard Specification (excluding Buyer Furnished Equipment), including nacelles and thrust reversers, is:

US\$ [****]

(US dollars – [****]) and

- (ii) the sum of the base prices of any and all SCNs (other than Irrevocable SCNs the extent included in clause (iii) below) set forth in Exhibit A-7 is:

US\$ [****]

(US dollars – [****]) and

- (iii) the sum of the Irrevocable SCNs set forth in Exhibit A-7 is the sum of:

- (a) the base price of the New Engine Option is:

US\$ [****]

(US dollars – [****]) and

- (b) the base price of the Sharklets is:

US\$ [****]

(US dollars – [****]) and

- (iv) in the event the Buyer selects the PW1133G1-JM as the A321 Propulsion System pursuant to Clause 2.4 hereof, the base price of the airframe SCN related thereto is:

US\$ [****]

(US dollars – [****]).

The Base Price of the A321 NEO Group 2 Airframe has been established in accordance with the average economic conditions prevailing in the A320 Family NEO Base Period.

UNQUOTE

1.8 Clause 3.1.2.7 of the Agreement is amended by replacing “LEAP-X1A24” with “LEAP-1A24”.

1.9 Clause 3.1.2.8 of the Agreement is amended by replacing “LEAP-X1A26” with “LEAP-1A26”.

1.10 Clause 3.1.2.9 of the Agreement is amended by replacing “LEAP-X1A32” with “LEAP-1A32”.

1.11 Clause 3.1.2.10 of the Agreement is amended by replacing “PW1124G” with “PW1124G-JM”.

1.12 Clause 3.1.2.11 of the Agreement is amended by replacing “PW1127G” with “PW1127G-JM”.

1.13 Clause 3.1.2.12 of the Agreement is amended by replacing “PW1133G” with “PW1133G-JM”.

1.14 A new Clause 3.1.2.13 is added to the Agreement with the following quoted text:

QUOTE

3.1.2.13 The base price (the “**Engine M Base Price**”) of a set of two (2) CFM International LEAP –1A33 engines is:

US\$ [****] (US dollars [****])

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine M Reference Price**”) indicated by the Propulsion System Manufacturer of US\$ [****] (US dollars [****]).

UNQUOTE

1.15 A new Clause 3.1.2.14 is added to the Agreement with the following quoted text:

QUOTE

3.1.2.14 The base price (the “**Engine N Base Price**”) of a set of two (2) CFM International LEAP –1A33B2 engines is:

US\$ [****] (US dollars [****])

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine N Reference Price**”) indicated by the Propulsion System Manufacturer of US\$ [****] (US dollars [****]).

UNQUOTE

1.16 A new Clause 3.1.2.15 is added to the Agreement with the following quoted text:

QUOTE

3.1.2.15 The base price (the “**Engine O Base Price**”) of a set of two (2) Pratt & Whitney PW1127G1-JM engines is:

US\$ [****] (US dollars [****])

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine O Reference Price**”) indicated by the Propulsion System Manufacturer of US\$ [****] (US dollars [****]).

UNQUOTE

1.17 A new Clause 3.1.2.16 is added to the Agreement with the following quoted text:

QUOTE

3.1.2.16 The base price (the “**Engine P Base Price**”) of a set of two (2) Pratt & Whitney PW1133G1-JM engines is:

US\$ [****] (US dollars [****])

Said base price has been established in accordance with the delivery conditions prevailing in January 2010 and has been calculated from the reference price (the “**Engine P Reference Price**”) indicated by the Propulsion System Manufacturer of US\$ [****] (US dollars [****]).

UNQUOTE

1.18 Exhibit A-5 of the Agreement is amended by replacing references to “[****]” with “[****]”, replacing references to “[****]” with “[****]” and replacing the words “As per Price table” with “as specified in Clause 3.1”.

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.19 Exhibit A-6 of the Agreement is amended by replacing references to “[****]” with “[****]”, replacing references to “[****]” and replacing the words “As per Price table” with “as specified in Clause 3.1”.

1.20 Exhibit A-7 of the Agreement is amended by replacing references to “[****]” with “[****]” and replacing references to “[****]” with “[****]” and replacing the words “As per Price table” with “as specified in Clause 3.1”.

1.21 Clause 1.1 of Exhibit C-3 is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

1.1 Reference Price of the Propulsion System

The Engine A Reference Price for a set of two (2) CFM International CFM56-5B6/3 series Propulsion System is as quoted in Clause 3.1.2.1 of the Agreement.

The Engine B Reference Price for a set of two (2) CFM International CFM56-5B4/3 series Propulsion System is as quoted in Clause 3.1.2.2 of the Agreement.

The Engine C Reference Price for a set of two (2) CFM International CFM56-5B3/3 series Propulsion System is as quoted in Clause 3.1.2.3 of the Agreement.

The Engine G Reference Price for a set of two (2) CFM International LEAP-1A24 series Propulsion System is as quoted in Clause 3.1.2.7 of the Agreement.

The Engine H Reference Price for a set of two (2) CFM International LEAP-1A26 series Propulsion System is as quoted in Clause 3.1.2.8 of the Agreement.

The Engine I Reference Price for a set of two (2) CFM International LEAP-1A32 series Propulsion System is as quoted in Clause 3.1.2.9 of the Agreement.

The Engine M Reference Price for a set of two (2) CFM International LEAP-1A33 series Propulsion System is as quoted in Clause 3.1.2.13 of the Agreement.

The Engine N Reference Price for a set of two (2) CFM International LEAP-1A33B2 series Propulsion System is as quoted in Clause 3.1.2.14 of the Agreement.

The Engine A Reference Price, Engine B Reference Price, Engine C Reference Price, Engine G Reference Price, Engine H Reference Price, Engine I Reference Price, Engine M Reference Price and Engine N Reference Price are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics and in accordance with the provisions of Paragraphs 1.4. and 1.5. hereof.

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

UNQUOTE

1.22 Exhibit C-3 of the Agreement is hereby amended by replacing references to “LEAP-X” with “LEAP”.

1.23 Clause 1.1 of Exhibit C-4 is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

The Engine D Reference Price for a set of two (2) International Aero Engines V2524-A5 series Propulsion System is as quoted in Clause 3.1.2.4 of the Agreement.

The Engine E Reference Price for a set of two (2) International Aero Engines V2527-A5 series Propulsion System is as quoted in Clause 3.1.2.5 of the Agreement.

The Engine F Reference Price for a set of two (2) International Aero Engines V2533-A5 series Propulsion System is as quoted in Clause 3.1.2.6 of the Agreement.

The Engine D Reference Price, Engine E Reference Price and Engine F Reference Price are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

1.24 Clause 1.1 of Exhibit C-5 is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

1.1 Reference Price of the Propulsion System

The Engine J Reference Price for a set of two (2) Pratt and Whitney PW1124G-JM series Propulsion System is as quoted in Clause 3.1.2.10 of the Agreement.

The Engine O Reference Price for a set of two (2) Pratt and Whitney PW1127G1-JM series Propulsion System is as quoted in Clause 3.1.2.15 of the Agreement.

The Engine K Reference Price for a set of two (2) Pratt and Whitney PW1127G-JM series Propulsion System is as quoted in Clause 3.1.2.11 of the Agreement.

The Engine L Reference Price for a set of two (2) Pratt and Whitney PW1133G-JM series Propulsion System is as quoted in Clause 3.1.2.12 of the Agreement.

The Engine P Reference Price for a set of two (2) Pratt and Whitney PW1133G1-JM series Propulsion System is as quoted in Clause 3.1.2.16 of the Agreement.

The Engine J Reference Price, Engine O Reference Price, Engine K Reference Price, Engine L Reference Price and Engine P Reference Price are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

UNQUOTE

2. ASSIGNMENT

This Amendment and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement.

3. CONFIDENTIALITY

Each of 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, each of the Seller and the Buyer agrees 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.

4. COUNTERPARTS

This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

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If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ AIRBUS S.A.S.

Name:

Title: Senior Vice President Contracts

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: /s/ AMERICAN AIRLINES, INC.

Name:

Title: Vice President – Fleet Planning

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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.

EXECUTION VERSION

AMENDMENT NO. 6

to the

A320 Family Aircraft Purchase Agreement

made July 20, 2011

between

AIRBUS S.A.S.

and

AMERICAN AIRLINES, INC.

This Amendment No. 6 to the A320 Family Purchase Agreement made July 20, 2011 (as amended, supplemented or otherwise modified, hereinafter referred to as the “**Amendment**”), entered into as of July 1, 2014, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, 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, made 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**”;

WHEREAS, the Buyer and the Seller have agreed that the Seller will deliver certain A319 Aircraft to the Buyer under the Agreement equipped with a set of two CFM56-5B7/3 engines under the terms and conditions specified herein;

WHEREAS, the Buyer has reached a separate agreement with CFM (the “**Buyer’s CFM Agreement**”) pursuant to which CFM has agreed to deliver CFM56-5B7/3 engines to the Seller for delivery on A319 Aircraft under the Agreement [****];

WHEREAS, the Seller has reached a separate agreement with CFM pursuant to which CFM has agreed to deliver CFM56-5B7/3 engines to the Seller for delivery on A319 Aircraft under the Agreement [****];

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

WHEREAS, the Buyer and the Seller have agreed to modify certain terms relating to Leasing Documentation; and

WHEREAS, the Buyer and the Seller have agreed to modify certain terms relating to certain A321 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.

1 PROPULSION SYSTEM

1.1 Clause 2.4.1 of the Agreement is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

Each A319 Airframe with a Scheduled Delivery Month occurring before [****] will be equipped with a set of two CFM International CFM 56-5B6/3 engines and each A319 Airframe with a Scheduled Delivery Month, or Scheduled Delivery Quarter, occurring after [****] will be equipped with a set of two CFM56-5B7/3 engines (such set, an “**A319 Propulsion System**”).

UNQUOTE

1.2 Clause 3.1.2.1 of the Agreement is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

3.1.2.1 The base price (the “**Engine A Base Price**”) of a set of two (2) CFM International CFM56-5B6/3 engines [****] is:

US\$ [****] (US dollar [****]).

Said base price has been established in accordance with the delivery conditions prevailing in January 2011 and has been calculated from the reference price (the “**Engine A Reference Price**”) for a set of two (2) CFM International CFM56-5B6/3 engines indicated by the Propulsion System Manufacturer of US\$ [****] (US dollars – [****]).

UNQUOTE

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.3 Clause 1.1 of Exhibit C-3 to the Agreement is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

1.1 Reference Price of the Propulsion System

The Engine A Reference Price for a set of two (2) CFM International CFM56-5B6/3 series Propulsion System [****].

The Engine B Reference Price for a set of two (2) CFM International CFM56-5B4/3 series Propulsion System is as quoted in Clause 3.1.2.2 of the Agreement.

The Engine C Reference Price for a set of two (2) CFM International CFM56-5B3/3 series Propulsion System is as quoted in Clause 3.1.2.3 of the Agreement.

The Engine G Reference Price for a set of two (2) CFM International LEAP-1A24 series Propulsion System is as quoted in Clause 3.1.2.7 of the Agreement.

The Engine H Reference Price for a set of two (2) CFM International LEAP-1A26 series Propulsion System is as quoted in Clause 3.1.2.8 of the Agreement.

The Engine I Reference Price for a set of two (2) CFM International LEAP-1A32 series Propulsion System is as quoted in Clause 3.1.2.9 of the Agreement.

The Engine M Reference Price for a set of two (2) CFM International LEAP-1A33 series Propulsion System is as quoted in Clause 3.1.2.13 of the Agreement.

The Engine N Reference Price for a set of two (2) CFM International LEAP-1A33B2 series Propulsion System is as quoted in Clause 3.1.2.14 of the Agreement.

The Engine A Reference Price, Engine B Reference Price, Engine C Reference Price, Engine G Reference Price, Engine H Reference Price, Engine I Reference Price, Engine M Reference Price and Engine N Reference Price are subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics and in accordance with the provisions of Paragraphs 1.4. and 1.5. hereof.

UNQUOTE

1.4 The Buyer agrees to promptly notify the Seller if the Buyer's CFM Agreement is amended such that CFM will no longer deliver [****].

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2 DEFINITIONS

Clause 0 of the Agreement is amended to modify the following defined term as set forth between the words “QUOTE” and “UNQUOTE”:

QUOTE

New Engine Option or NEO – as defined in Clause 2.1.1.1.

UNQUOTE

3 LEASING DOCUMENTATION

Annex B to the Form of Lease Agreement attached as Exhibit A to Letter Agreement No. 1 is hereby amended by deleting the final sentence of the first paragraph of Section B thereof in its entirety and replacing it with the following quoted text:

QUOTE

[****]

[****]

UNQUOTE

4 A321 DELIVERY MATTERS

New Paragraphs 3.4, 3.5 and 3.6 are added to Letter Agreement No. 2 with the following quoted text:

QUOTE

3.4 In respect of each A321 Aircraft identified in Schedule I with CAC ID No. [****].

3.5 [****]

3.6 [****]

UNQUOTE

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5 REFERENCES

On and after the date of this Amendment:

- (i) each reference in Letter Agreement No. 1 to “this Letter Agreement”, “hereunder”, “hereof” or words of like import referring to Letter Agreement No. 1 shall mean and be a reference to Letter Agreement No. 1 as amended by this Amendment, and
- (ii) each reference in the Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment.

6 ASSIGNMENT

This Amendment and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Amendment may not be assigned by the Buyer under either Clause 21.5 or 21.6 of the Agreement without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

7 CONFIDENTIALITY

Each of 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, each of the Seller and the Buyer agrees that such terms and conditions may be disclosed without such prior written consent (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.

8 COUNTERPARTS

This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

[Signature Page Follows]

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ AIRBUS S.A.S.

Name:

Title: Senior Vice President Contracts

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: /s/ AMERICAN AIRLINES, INC.

Name:

Title: Vice President, Fleet Planning

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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.

AMENDMENT NO. 7
to the
A320 Family Aircraft Purchase Agreement
made July 20, 2011
between
AIRBUS S.A.S.
and
AMERICAN AIRLINES, INC.

This Amendment No. 7 to the A320 Family Purchase Agreement made July 20, 2011 (as amended, supplemented or otherwise modified, hereinafter referred to as the “**Amendment**”), entered into as of November 25, 2014, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, 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, made 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**”.

WHEREAS, the Buyer and the Seller have agreed to modify certain terms relating to amended performance guarantees and new engine models;

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.

2. PERFORMANCE GUARANTEES

- 2.1 Letter Agreement No. 11A is deleted in its entirety and replaced with the Amended and Restated Letter Agreement No. 11A attached hereto.
- 2.2 Letter Agreement No. 11C is deleted in its entirety and replaced with the Amended and Restated Letter Agreement No. 11C attached hereto.
- 2.3 The attached Letter Agreement No. 11C-1 is hereby added to and made a part of the Agreement.
- 2.4 Letter Agreement No. 11D is deleted in its entirety and replaced with the Amended and Restated Letter Agreement No. 11D attached hereto.
- 2.5 Letter Agreement No. 11J is deleted in its entirety and replaced with the Amended and Restated Letter Agreement No. 11J attached hereto.
- 2.6 Letter Agreement No. 11K is deleted in its entirety and replaced with the Amended and Restated Letter Agreement No. 11K attached hereto.
- 2.7 The attached Letter Agreement No. 11K-1 is hereby added to and made a part of the Agreement.
- 2.8 Letter Agreement No. 11L is deleted in its entirety and replaced with the Amended and Restated Letter Agreement No. 11L attached hereto.
- 2.9 Upon the [****], [****] Performance Guarantees for the following aircraft as soon as reasonably practicable (but in no event [****]): (i) A319 NEO Aircraft Performance Guarantees – [****]; (ii) A319 NEO Aircraft Performance Guarantees – [****]; (iii) A321 NEO Aircraft Performance Guarantees – [****]; (iv) A321 NEO Aircraft Performance Guarantees – [****]; (iv) A321 NEO Aircraft Performance Guarantees – [****]. [****] the Performance Guarantees at the [****] the Performance Guarantees [****]. Notwithstanding the foregoing, [****] any such Performance Guarantees [****].

3. ASSIGNMENT

This Amendment and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement.

4. CONFIDENTIALITY

Each of 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, each of the Seller and the Buyer agrees 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.

11. COUNTERPARTS

This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

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SPH-2126599-2

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If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Airbus S.A.S

Name: Airbus S.A.S

Title: Senior Vice President Contracts

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Name: American Airlines, Inc.

Title: Vice President, Fleet Planning

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SPH-2126599-2

AMENDED AND RESTATED
LETTER AGREEMENT NO. 11A
TO A320 FAMILY AIRCRAFT PURCHASE AGREEMENT
Dated as of July 20, 2011

November 25, 2014

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A319 AIRCRAFT PERFORMANCE GUARANTEE – CFM CFM56-5B6/3 ENGINES

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Amended and Restated Letter Agreement No. 11A (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Letter Agreement No. 11A dated as of July 20, 2011 to the Agreement is hereby amended and restated to read in its entirety as set forth herein.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “**Guarantees**”) are applicable to the A319 Aircraft as described in the A319 Standard Specification [****] for:

1.1 Basic Configuration (not applicable to Paragraph 3.2)

- i) [****]
- ii) [****]
- iii) the following design weights:

Maximum Take-Off Weight (MTOW)	[****]
Maximum Landing Weight (MLW)	[****]
Maximum Zero Fuel Weight (MZFW)	[****]

1.2 Optional Configuration

- i) [****]
- ii) [****]
- iii) the following design weights:

Maximum Take-Off Weight (MTOW)	[****]
Maximum Landing Weight (MLW)	[****]
Maximum Zero Fuel Weight (MZFW)	[****]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A319 Aircraft gross weight of [****] at the start of ground run at sea level pressure altitude in [****] be not more than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

2.1.2 Take-Off Weight

When the A319 Aircraft is operated in departure airport conditions [****] as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]

Accelerate Stop Distance Available (ASDA) : [****]
Slope : [****]
Wind : [****]
Obstacles : [****]
(height and distance from beginning of TORA) : [****]

the FAR approved Take-Off Weight of the A319 Aircraft at the start of ground run shall be not less than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A319 Aircraft gross weight of [****] at sea level pressure altitude shall be not more than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

3 MISSION GUARANTEES

3.1 Mission Payload [****]

The A319 Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[(****)]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.1.2 An allowance of [****]

3.1.3 An allowance of [****]

3.1.4 [****]

3.1.5 An allowance of [****]

3.1.6 An allowance of [****]

3.1.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.1.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]

- c) [****]
- d) [****]
- e) [****]

3.2 Mission Payload [****]

The A319 Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.2.1 The departure airport conditions [(****)] are as follows:

Pressure altitude	:	[****]
Temperature	:	[****]
Take-Off Run Available (TORA)	:	[****]
Take-Off Distance Available (TODA)	:	[****]
Accelerate-Stop Distance Available (ASDA)	:	[****]
Slope	:	[****]
Wind	:	[****]
Obstacle	:	[****]
(height and distance from beginning of TORA)		

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.2.2 An allowance of [****]

3.2.3 An allowance of [****]

3.2.4 [****]

3.2.5 An allowance of [****]

3.2.6 An allowance of [****]

3.2.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.2.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.3 Mission Block Fuel

In carrying a fixed payload of [****] of the A319 Aircraft will be not more than
Nominal: [****] Tolerance: [****]

Guarantee: [****]

when the A319 Aircraft is operated as defined here below.

3.3.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.3.2 An allowance of [****]

3.3.3 An allowance of [****]

3.3.4 [****]

3.3.5 An allowance of [****]

3.3.6 An allowance of [****]

3.3.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.3.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.4 The Mission Payload and Block Fuel guarantees are based on an estimated fixed Operating Weight Empty of [****] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A319 Aircraft as defined in Paragraph 1 above of not more than
Nominal: [****] Tolerance: [****] Guarantee: [****]

This is the Manufacturer's Weight Empty of the A319 Aircraft as defined in Section 13-10 of the A319 Standard Specification as amended by the SCN's defined in Paragraph 1 above and which will be derived from the weighing of the A319 Aircraft and subject to adjustment as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A319 Aircraft [****]

[****]

5.2 [****] Noise

The A319 Aircraft [****]

This guarantee applies for the following conditions:

- [****]
- [****]
- [****]
- [****]
- [****]
- [****]

Station	Distance from [****] threshold (m)	Sideline Distance to runway extended centerline (m)	Height above ground (m)
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]

This guarantee does not apply to the [****].

This guarantee is based on [****].

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

	Guarantee
SPL [dB(A)]	[****]
SIL [dB]	[****]

Noise levels shall be measured at the Captain’s and First Officer’s seat position at head level with normal cockpit air conditioning and ventilation in operation.

5.3.2 Cabin

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

	Guarantee
[****] SPL [dB(A)]	[****]
[****] SIL [dB]	[****]
[****] SPL [dB(A)]	[****]
[****] SIL [dB]	[****]

Noise levels shall be measured at a height of [****] above the passenger compartment floor on the aisle center lines in the passenger seated area.

5.4 Ramp Noise

The APU noise during ground operation of the A319 Aircraft [****]
[****]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A319 Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [****]

When establishing take-off performance [****]

6.3 Climb, cruise and descent performance associated with the Guarantees will include [****]

Cruise performance at [****]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [****]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [****]

The definition of dB(A) shall be that specified as the “A-scale” weighting given in [****]

The Speech Interference Level (SIL) is defined as the [****]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [****]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [****]

7.3 Compliance [****] will be demonstrated [****]

7.4 Compliance with the Manufacturer’s Weight Empty guarantee will be demonstrated [****]

7.5 The [****] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A319 Aircraft will have a [****]

Compliance with the interior noise and APU noise guarantees will be demonstrated [****]

[****]

The [****] will be used to demonstrate compliance with the guarantee in Paragraph 5.2.

7.6 Data [****] will be adjusted as required [****] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [****] demonstrating compliance with the Guarantees [****]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A319 Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A319 Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A319 Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

10.1 Should the A319 Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [****]

[****]

(i) [****]

(ii) [****]

(iii) [****]

(iv) [****]

10.2 [****]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A319 Aircraft will be [****]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

CT1001520_Amended & Restated LA11A_AAL_A320Family_EXECUTION

LA 11A - 9 of 11

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Airbus S.A.S.
Name: Airbus S.A.S
Title: Senior Vice President Contracts

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President, Fleet Planning

APPENDIX A TO AMENDED AND RESTATED LETTER AGREEMENT NO. 11A

Layout Number: [****] MTOW (lb): [****]
 Seating: [****] MLW (lb): [****]
 Total: [****] MZFW (lb): [****]

	Weight (lb)
Manufacturer's Weight Empty Standard Specification [****] [****]	[****] [****]
Manufacturer's Weight Empty (MWE) for the purpose of Paragraph 4	[****]
Cabin changes [****]	[****] [****]
Manufacturer's [****] equipment [****] and cargo hold fire extinguishers)	[****]
Customized MWE	<hr/> [****]
<i>Operator's Items</i>	
Unusable fuel	[****]
Oil for engines, IDG and APU	[****]
Water	[****]
Water tank precharge	[****]
Aircraft documents and tool kit	[****]
Passenger seats and lifejackets	[****]
Galley structure	[****]
Fixed equipment	[****]
Catering and removable equipment	[****]
Emergency equipment	[****]
Crew and crew baggage	[****]
<i>Total Operator's Items</i>	<hr/> [****]
Operating Weight Empty (OWE) for the purpose of Paragraph 3	[****]

AMENDED AND RESTATED
LETTER AGREEMENT NO. 11C
TO A320 FAMILY AIRCRAFT PURCHASE AGREEMENT
Dated as of July 20, 2011

As of November 25, 2014

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A319 NEO AIRCRAFT PERFORMANCE GUARANTEE – PW1124G-JM ENGINES

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Amended and Restated Letter Agreement No. 11C (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Letter Agreement No. 11C dated as of July 20, 2011 to the Agreement is hereby amended and restated to read in its entirety as set forth herein.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A319 NEO Aircraft as described in the A319 Standard Specification [****] for:

1.1 Basic Configuration (not applicable to Paragraph 3.2)

- i) [****]
- ii) [****]
- iii) the following design weights:
 - Maximum Take-Off Weight (MTOW) [****]
 - Maximum Landing Weight (MLW) [****]
 - Maximum Zero Fuel Weight (MZFW) [****]

1.2 Optional Configuration

- i) [****]
- ii) [****]
- iii) the following design weights:
 - Maximum Take-Off Weight (MTOW) [****]
 - Maximum Landing Weight (MLW) [****]
 - Maximum Zero Fuel Weight (MZFW) [****]

hereinafter referred to as the “Specification” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A319 NEO Aircraft gross weight of [****] at the start of ground run at sea level pressure altitude in [****] be not more than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

2.1.2 Take-Off Weight

When the A319 NEO Aircraft is operated in departure airport conditions [****] as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacles	: [****]
(height and distance from beginning of TORA)	: [****]

the FAR approved Take-Off Weight of the A319 NEO Aircraft at the start of ground run shall be not less than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A319 NEO Aircraft gross weight of [****] at sea level pressure altitude shall be not more than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

3 MISSION GUARANTEES

3.1 Mission Payload [****]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.1.2 An allowance of [****]

3.1.3 An allowance of [****]

3.1.4 [****]

3.1.5 An allowance of [****]

3.1.6 An allowance of [****]

3.1.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.1.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.2 Mission Payload [****]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.2.1 The departure airport conditions [****] are as follows:

Pressure altitude	:	[****]
Temperature	:	[****]
Take-Off Run Available (TORA)	:	[****]
Take-Off Distance Available (TODA)	:	[****]
Accelerate-Stop Distance Available (ASDA)	:	[****]
Slope	:	[****]
Wind	:	[****]
Obstacle	:	[****]
(height and distance from beginning of TORA)		

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.2.2 An allowance of [****]

3.2.3 An allowance of [****]

3.2.4 [****]

3.2.5 An allowance of [****]

3.2.6 An allowance of [****]

3.2.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.2.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.3 Mission Block Fuel

In carrying a fixed payload of [****] of the A319 NEO Aircraft will be not more than

Nominal: [****] Tolerance: [****] Guarantee: [****]

when the A319 NEO Aircraft is operated as defined here below.

3.3.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.3.2 An allowance of [****]

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

3.3.3 An allowance of [****]

3.3.4 [****]

3.3.5 An allowance of [****]

3.3.6 An allowance of [****]

3.3.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.3.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.4 The Mission Payload and Block Fuel guarantees are based on an estimated fixed Operating Weight Empty of [****] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Paragraph 1 above of not more than

Nominal: [****] Tolerance: [****] Guarantee: [****]

This is the Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Section 13-10 of the A319 Standard Specification as amended by the SCN's defined in Paragraph 1 above and which will be derived from the weighing of the A319 NEO Aircraft and subject to adjustment as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A319 NEO Aircraft [****]

[****]

5.2 [****] Noise

The A319 NEO Aircraft [****]

This guarantee applies for the following conditions:

- [****]
- [****]
- [****]
- [****]
- [****]
- [****]

Station	Distance from [****] threshold (m)	Sideline Distance to runway extended centerline (m)	Height above ground (m)
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]

This guarantee does not apply to the [****]

This guarantee is based on [****]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

SPL [dB(A)]	Guarantee [****]
SIL [dB]	[****]

Noise levels shall be measured at the Captain's and First Officer's seat position at head level with normal cockpit air conditioning and ventilation in operation.

5.3.2 Cabin

At a pressure altitude of [****] shall be as follows:

[****] SPL [dB(A)]	Guarantee [****]
SIL [dB]	[****]
[****] SPL [dB(A)]	[****]
SIL [dB]	[****]

Noise levels shall be measured at a height of [****] above the passenger compartment floor on the aisle center lines in the passenger seated area.

5.4 Ramp Noise

The APU noise during ground operation of the A319 NEO Aircraft [****]

[****]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A319 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [****]

When establishing take-off performance [****]

6.3 Climb, cruise and descent performance associated with the Guarantees will include [****]

Where applicable the Guarantees assume the use of an approved fuel having a density of [****]

Sound levels are to be specified in decibels (dB), at a reference pressure of [****]

The definition of dB(A) shall be that specified as the “A-scale” weighting given in [****]

The Speech Interference Level (SIL) is defined as the [****]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [****]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [****]

7.3 Compliance [****] will be demonstrated [****]

7.4 Compliance with the Manufacturer’s Weight Empty guarantee will be demonstrated [****]

7.5 The [****] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A319 NEO Aircraft will have a [****]

Compliance with the interior noise and APU noise guarantees will be demonstrated [****]

[****]

7.6 Data [****] will be adjusted as required [****] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The [****] will be used to demonstrate compliance with the guarantee in Paragraph 5.2.

7.8 The Seller undertakes to furnish the Buyer with [****] demonstrating compliance with the Guarantees [****]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“Rule Change”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A319 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A319 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN

b) Changes required to obtain certification which cause changes to the performance or weight of the A319 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A319 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [****]

10.1 [****]

(i) [****]

(ii) [****]

(iii) [****]

(iv) [****]

10.2 [****]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A319 NEO Aircraft will be [****]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,
AIRBUS S.A.S.

By: /s/ Airbus S.A.S.
Name: Airbus S.A.S.
Title: Senior Vice President Contracts

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President, Fleet Planning

APPENDIX A TO LETTER AGREEMENT NO. 11C

Layout Number: [****] MTOW (lb): [****]
 Seating: [****] MLW (lb): [****]
 Total: [****] MZFW (lb): [****]

Preliminary Manufacturer's Weight Empty based on Standard Specification [****]
Manufacturer's Weight Empty (MWE) for the purpose of Paragraph 4

Cabin changes
 [****]
 Manufacturer's [****] equipment [****] and cargo hold fire extinguishers)
 Customized MWE

Operator's Items

Unusable fuel
 Oil for engines, IDG and APU
 Water
 Water tank precharge
 Aircraft documents and tool kit
 Passenger seats and lifejackets
 Galley structure
 Fixed equipment
 Catering and removable equipment
 Emergency equipment
 Crew and crew baggage
Total Operator's Items

Weight (lb)
 [****]
 [****]
 [****]
 [****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

[****]

Operating Weight Empty (OWE) for the purpose of Paragraph 3

[****]

LETTER AGREEMENT NO. 11C-1
TO A320 FAMILY AIRCRAFT PURCHASE AGREEMENT
Dated as of July 20, 2011

As of November 25, 2014

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A319 NEO AIRCRAFT PERFORMANCE GUARANTEE – PW1124G-JM ENGINES

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11C-1 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “**Guarantees**”) are applicable to the A319 NEO Aircraft as described in the A319 Standard Specification [****] for:

1.1 Basic Configuration (not applicable to Paragraph 3.2)

- i) [****]
- ii) [****]
- iii) [****]

iv) the following design weights:

Maximum Take-Off Weight (MTOW)	[****]
Maximum Landing Weight (MLW)	[****]
Maximum Zero Fuel Weight (MZFW)	[****]

1.2 Optional Configuration

- i) [****]
- ii) [****]
- iii) [****]

iv) the following design weights:

Maximum Take-Off Weight (MTOW)	[****]
Maximum Landing Weight (MLW)	[****]
Maximum Zero Fuel Weight (MZFW)	[****]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

The Guarantees are valid for the A319 NEO Aircraft [****]

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A319 NEO Aircraft gross weight of [****] at the start of ground run at sea level pressure altitude in [****] be not more than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

2.1.2 Take-Off Weight

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LA11C1 - 2 of 11

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

When the A319 NEO Aircraft is operated in departure airport conditions [****] as follows:

- Pressure altitude : [****]
- Temperature : [****]
- Take-Off Run Available (TORA) : [****]
- Take-Off Distance Available (TODA) : [****]
- Accelerate Stop Distance Available (ASDA) : [****]
- Slope : [****]
- Wind : [****]
- Obstacles : [****]
- (height and distance from beginning of TORA) : [****]

the FAR approved Take-Off Weight of the A319 NEO Aircraft at the start of ground run shall be not less than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A319 NEO Aircraft gross weight of [****] at sea level pressure altitude shall be not more than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

3 MISSION GUARANTEES

3.1 Mission Payload [****]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

[****]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.1.2 An allowance of [****]

3.1.3 An allowance of [****]

3.1.4 [****]

3.1.5 An allowance of [****]

3.1.6 An allowance of [****]

3.1.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.1.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.2 Mission Payload [****]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.2.1 The departure airport conditions [****] are as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate-Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacle	: [****]
(height and distance from beginning of TORA)	

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.2.2 An allowance of [****]

3.2.3 An allowance of [****]

3.2.4 [****]

3.2.5 An allowance of [****]

3.2.6 An allowance of [****]

3.2.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.2.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.3 Mission Block Fuel

In carrying a fixed payload of [****] of the A319 NEO Aircraft will be not more than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

when the A319 NEO Aircraft is operated as defined here below.

3.3.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.3.2 An allowance of [****]

3.3.3 An allowance of [****]

3.3.4 [****]

3.3.5 An allowance of [****]

3.3.6 An allowance of [****]

3.3.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.3.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.4 The Mission Payload and Block Fuel guarantees are based on an estimated fixed Operating Weight Empty of [****] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Paragraph 1 above of not more than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

This is the Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Section 13-10 of the A319 Standard Specification as amended by the SCN's defined in Paragraph 1 above and which will be derived from the weighing of the A319 NEO Aircraft and subject to adjustment as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A319 NEO Aircraft [****]

[****]

5.2 [****] Noise

The A319 NEO Aircraft [****]

This guarantee applies for the following conditions:

- [****]
- [****]
- [****]
- [****]
- [****]
- [****]

Station	Distance from [****] threshold (m)	Sideline Distance to runway extended centerline (m)	Height above ground (m)
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]

This guarantee does not apply to the [****]

This guarantee is based on [****]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

	Guarantee
SPL [dB(A)]	[****]
SIL [dB]	[****]

Noise levels shall be measured at the Captain’s and First Officer’s seat position at head level with normal cockpit air conditioning and ventilation in operation.

5.3.2 Cabin

At a pressure altitude of [****] shall be as follows:

		Guarantee
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]

Noise levels shall be measured at a height of [****] above the passenger compartment floor on the aisle center lines in the passenger seated area.

5.4 Ramp Noise

The APU noise during ground operation of the A319 NEO Aircraft [****]

[****]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A319 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [****]

When establishing take-off performance [****]

6.3 Climb, cruise and descent performance associated with the Guarantees will include [****]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [****]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [****]

The definition of dB(A) shall be that specified as the “A-scale” weighting given in [****]

The Speech Interference Level (SIL) is defined as the [****]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [****]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [****]

7.3 Compliance [****] will be demonstrated [****]

7.4 Compliance with the Manufacturer’s Weight Empty guarantee will be demonstrated [****]

7.5 The [****] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A319 NEO Aircraft will have a [****]

Compliance with the interior noise and APU noise guarantees will be demonstrated [****]
[****]

The [****] will be used to demonstrate compliance with the guarantee in Paragraph 5.2.

7.6 Data [****] will be adjusted as required [****] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [****] demonstrating compliance with the Guarantees [****]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A319 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A319 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A319 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A319 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [****]

10.1 [****]

(i) [****]

(ii) [****]

(iii) [****]

(iv) [****]

10.2 [****]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A319 NEO Aircraft will be [****]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

CT1001520_LA11C-1_AAL_A320Family_EXECUTION

LA11C1 - 9 of 11

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,
AIRBUS S.A.S.

By: /s/ Airbus S.A.S.
Name: Airbus S.A.S.
Title: Senior Vice President Contracts

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President, Fleet Planning

CT1001520_LA11C-1_AAL_A320Family_EXECUTION

LA11C1 - 10 of 11

APPENDIX A TO LETTER AGREEMENT NO. 11C-1

Layout Number: [****] MTOW (lb): [****]
 Seating: [****] MLW (lb): [****]
 Total: [****] MZFW (lb): [****]

Preliminary Manufacturer's Weight Empty based on Standard Specification [****]
Manufacturer's Weight Empty (MWE) for the purpose of Paragraph 4

Weight (lb)
 [****]
 [****]

Cabin changes
 [****]
 Manufacturer's [****] equipment [****] and cargo hold fire extinguishers
 Customized MWE

[****]
 [****]
 [****]
 [****]

Operator's Items

Unusable fuel
 Oil for engines, IDG and APU
 Water
 Water tank precharge
 Aircraft documents and tool kit
 Passenger seats and lifejackets
 Galley structure
 Fixed equipment
 Catering and removable equipment
 Emergency equipment
 Crew and crew baggage
Total Operator's Items

[****]
 [****]
 [****]
 [****]
 [****]
 [****]
 [****]
 [****]
 [****]
 [****]
 [****]
 [****]

Operating Weight Empty (OWE) for the purpose of Paragraph 3

[****]

AMENDED AND RESTATED
LETTER AGREEMENT NO. 11D
TO A320 FAMILY AIRCRAFT PURCHASE AGREEMENT
Dated as of July 20, 2011

As of November 25, 2014

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A319 NEO AIRCRAFT PERFORMANCE GUARANTEE – CFM LEAP-1A24 ENGINES

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Amended and Restated Letter Agreement No. 11D (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Letter Agreement No. 11D dated as of July 20, 2011 to the Agreement is hereby amended and restated to read in its entirety as set forth herein.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A319 NEO Aircraft as described in the A319 Standard Specification [****] for:

1.1 Basic Configuration (not applicable to paragraph 3.2)

- i) [****]
- ii) [****]
- iii) the following design weights:

Maximum Take-Off Weight (MTOW) [****]
Maximum Landing Weight (MLW) [****]
Maximum Zero Fuel Weight (MZFW) [****]

1.2 Optional Configuration

- i) [****]
- ii) [****]
- iii) the following design weights:

Maximum Take-Off Weight (MTOW) [****]
Maximum Landing Weight (MLW) [****]
Maximum Zero Fuel Weight (MZFW) [****]

hereinafter referred to as the “Specification” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A319 NEO Aircraft gross weight of [****] at the start of ground run at sea level pressure altitude in [****] be not more than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

2.1.2 Take-Off Weight

When the A319 NEO Aircraft is operated in departure airport conditions [****] as follows:

Pressure altitude : [****]
Temperature : [****]
Take-Off Run Available (TORA) : [****]
Take-Off Distance Available (TODA) : [****]
Accelerate Stop Distance Available (ASDA) : [****]
Slope : [****]
Wind : [****]
Obstacles : [****]
(height and distance from beginning of TORA) : [****]

the FAR approved Take-Off Weight of the A319 NEO Aircraft at the start of ground run shall be not less than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A319 NEO Aircraft gross weight of [*CRT] at sea level pressure altitude shall be not more than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

3 MISSION GUARANTEES

3.1 Mission Payload [****]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.1.2 An allowance of [****]

3.1.3 An allowance of [****]

3.1.4 [****]

3.1.5 An allowance of [****]

3.1.6 An allowance of [****]

3.1.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.1.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.2 Mission Payload [****]

The A319 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.2.1 The departure airport conditions [****] are as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate-Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacle	: [****]
(height and distance from beginning of TORA)	

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.2.2 An allowance of [****]

3.2.3 An allowance of [****]

3.2.4 [****]

3.2.5 An allowance of [****]

3.2.6 An allowance of [****]

3.2.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.2.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.3 Mission Block Fuel

In carrying a fixed payload of [****] of the A319 NEO Aircraft will be not more than

Nominal: [****] Tolerance: [****] Guarantee: [****]

when the A319 NEO Aircraft is operated as defined here below.

3.3.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.3.2 An allowance of [****]

3.3.3 An allowance of [****]

3.3.4 [****]

3.3.5 An allowance of [****]

3.3.6 An allowance of [****]

3.3.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.3.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.4 The Mission Payload and Block Fuel guarantees are based on an estimated fixed Operating Weight Empty of [****] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Paragraph 1 above of not more than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

This is the Manufacturer's Weight Empty of the A319 NEO Aircraft as defined in Section 13-10 of the A319 Standard Specification as amended by the SCN's defined in Paragraph 1 above and which will be derived from the weighing of the A319 NEO Aircraft and subject to adjustment as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A319 NEO Aircraft [****]

[****]

5.2 [****] Noise

The A319 NEO Aircraft [****]

This guarantee applies for the following conditions:

- [****]
- [****]
- [****]
- [****]
- [****]
- [****]

Station	Distance from [****] threshold (m)	Sideline Distance to runway extended centerline (m)	Height above ground (m)
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]

This guarantee does not apply to the [****]

This guarantee is based on [****]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

SPL [dB(A)]	Guarantee
SIL [dB]	[****]
	[****]

Noise levels shall be measured at the Captain's and First Officer's seat position at head level with normal cockpit air conditioning and ventilation in operation.

5.3.2 Cabin

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

[****]	SPL [dB(A)]	Guarantee
	SIL [dB]	[****]
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]

Noise levels shall be measured at a height of [****] above the passenger compartment floor on the aisle center lines in the passenger seated area.

5.4 Ramp Noise

The APU noise during ground operation of the A319 NEO Aircraft [****]

[****]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A319 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [****]

When establishing take-off performance [****]

6.3 Climb, cruise and descent performance associated with the Guarantees will include [****]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [****]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [****]

The definition of dB(A) shall be that specified as the “A-scale” weighting given in [****]

The Speech Interference Level (SIL) is defined as the [****]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [****]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [****]

7.3 Compliance [****] will be demonstrated [****]

7.4 Compliance with the Manufacturer’s Weight Empty guarantee will be demonstrated [****]

7.5 The [****] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A319 NEO Aircraft will have a [****]

Compliance with the interior noise and APU noise guarantees will be demonstrated [****]

[****]

7.6 Data [****] will be adjusted as required [****] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The [****] will be used to demonstrate compliance with the guarantee in Paragraph 5.2

7.8 The Seller undertakes to furnish the Buyer with [****] demonstrating compliance with the Guarantees [****]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A319 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A319 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN

b) Changes required to obtain certification which cause changes to the performance or weight of the A319 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A319 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [****]

10.1 [****]

(i) [****]

(ii) [****]

(iii) [****]

(iv) [****]

10.2 [****]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A319 NEO Aircraft will be [****]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,
AIRBUS S.A.S.

By: /s/ Airbus S.A.S
Name: Airbus S.A.S.
Title: Senior Vice President Contracts

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President, Fleet Planning

APPENDIX A TO LETTER AGREEMENT NO. 11D

Layout Number: [****] MTOW (lb): [****]
 Seating: [****] MLW (lb): [****]
 Total: [****] MZFW (lb): [****]

	Weight (lb)
Preliminary Manufacturer's Weight Empty based on Standard Specification [****]	[****]
Manufacturer's Weight Empty (MWE) for the purpose of Paragraph 4	[****]
Cabin changes	[****]
[****]	[****]
Manufacturer's [****] equipment [****] and cargo hold fire extinguishers)	[****]
Customized MWE	<hr/> [****]
<i>Operator's Items</i>	
Unusable fuel	[****]
Oil for engines, IDG and APU	[****]
Water	[****]
Water tank precharge	[****]
Aircraft documents and tool kit	[****]
Passenger seats and lifejackets	[****]
Galley structure	[****]
Fixed equipment	[****]
Catering and removable equipment	[****]
Emergency equipment	[****]
Crew and crew baggage	[****]
<i>Total Operator's Items</i>	<hr/> [****]
Operating Weight Empty (OWE) for the purpose of Paragraph 3	[****]

AMENDED AND RESTATED
LETTER AGREEMENT NO. 11J
TO A320 FAMILY AIRCRAFT PURCHASE AGREEMENT
Dated as of July 20, 2011

As of November 25, 2014

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A321 AIRCRAFT PERFORMANCE GUARANTEE – IAE V2533-A5 ENGINES

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Amended and Restated Letter Agreement No. 11J (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Letter Agreement No. 11J dated as of July 20, 2011 to the Agreement is hereby amended and restated to read in its entirety as set forth herein.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

The FAR approved dry Landing Field Length at an A321 Aircraft gross weight of [****] at sea level pressure altitude shall be not more than:

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

3 MISSION GUARANTEES

3.1 Mission Payload [****]

The A321 Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.1.2 An allowance of [****]

3.1.3 An allowance of [****]

3.1.4 [****]

3.1.5 An allowance of [****]

3.1.6 An allowance of [****]

3.1.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [*CRT]

3.1.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.2 Mission Payload [****]

The A321 Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.2.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.2.2 An allowance of [****]

3.2.3 An allowance of [****]

3.2.4 [****]

3.2.5 An allowance of [****]

3.2.6 An allowance of [****]

3.2.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.2.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.3 Mission Payload [****]

The A321 Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.3.1 The departure airport conditions [****] are as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate-Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacle	: [****]
(height and distance from beginning of TORA)	

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.3.2 An allowance of [****]

3.3.3 An allowance of [****]

3.3.4 [****]

3.3.5 An allowance of [****]

3.3.6 An allowance of [****]

3.3.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.3.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.4 Mission Block Fuel

In carrying a fixed payload of [****] of the A321 Aircraft will be not more than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

when the A321 Aircraft is operated as defined here below.

3.4.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.4.2 An allowance of [****]

3.4.3 An allowance of [****]

3.4.4 [****]

3.4.5 An allowance of [****]

3.4.6 An allowance of [****]

3.4.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.4.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [****], the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

		Guarantee
SPL [dB(A)]		[****]
SIL [dB]		[****]

Noise levels shall be measured at the Captain's and First Officer's seat position at head level with normal cockpit air conditioning and ventilation in operation.

5.3.2 Cabin

At a pressure altitude of [****] shall be as follows:

		Guarantee
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]

Noise levels shall be measured at a height of [****] above the passenger compartment floor on the aisle center lines in the passenger seated area.

5.4 Ramp Noise

The APU noise during ground operation of the A321 Aircraft [****]

[****]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A321 Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [****]

When establishing take-off performance [****]

6.3 Climb, cruise and descent performance associated with the Guarantees will include [****]

Cruise performance at [****]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [****]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [****]
The definition of dB(A) shall be that specified as the “A-scale” weighting given in [****]
The Speech Interference Level (SIL) is defined as the [****]

7 GUARANTEE COMPLIANCE

- 7.1 Compliance with the Guarantees will be demonstrated [****]
- 7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [****]
- 7.3 Compliance [****] will be demonstrated [****]
- 7.4 Compliance with the Manufacturer’s Weight Empty guarantee will be demonstrated [****]
- 7.5 The [****] will be used to demonstrate compliance with the guarantees of certification noise levels.
The A321 Aircraft will have a [****]
Compliance with the interior noise and APU noise guarantees will be demonstrated [****]
[****]
The [****] will be used to demonstrate compliance with the guarantee in Paragraph 5.2.
- 7.6 Data [****] will be adjusted as required [****] accordance with established aeronautical practices to show compliance with the Guarantees.
- 7.7 The Seller undertakes to furnish the Buyer with [****] demonstrating compliance with the Guarantees [****]

8 ADJUSTMENT OF GUARANTEES

- 8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A321 Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.
- 8.2 The Guarantees apply to the A321 Aircraft as described in Paragraph 1 above and may be adjusted in the event of:
- a) Any further configuration change which is the subject of an SCN
 - b) Changes required to obtain certification which cause changes to the performance or weight of the A321 Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document.

10 UNDERTAKING REMEDIES

Should the A321 Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [****]

- 10.1 [****]
(i) [****]
(ii) [****]
(iii) [****]

10.2 [****]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A321 Aircraft will be [****]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,
AIRBUS S.A.S.

By: /s/ Airbus S.A.S.
Name: Airbus S.A.S.
Title: Senior Vice President Contracts

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: Airbus S.A.S.
Title: Vice President, Fleet Planning.

APPENDIX A TO AMENDED AND RESTATED LETTER AGREEMENT NO. 11J

Layout Number: [****] MTOW (lb): [****]
 Seating: [****] MLW (lb): [****]
 Total: [****] MZFW (lb): [****]

Manufacturer's Weight Empty Standard Specification [****]	Weight (lb)
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]
Manufacturer's Weight Empty (MWE) for the purpose of Paragraph 4	[****]

Cabin changes	[****]
[****]	[****]
Manufacturer's [****] equipment [****] and cargo hold fire extinguishers)	[****]
Customized MWE [****]	<u>[****]</u>

<i>Operator's Items</i>	
Unusable fuel	[****]
Oil for engines, IDG and APU	[****]
Water	[****]
Water tank precharge	[****]
Aircraft documents and tool kit	[****]
Passenger seats and lifejackets	[****]
Galley structure	[****]
Fixed equipment	[****]
Catering and removable equipment	[****]
Emergency equipment	[****]
Crew and crew baggage	[****]
<i>Total Operator's Items</i>	<u>[****]</u>

Operating Weight Empty (OWE) for the purpose of Paragraph 3	[****]
--	---------------

AMENDED AND RESTATED
LETTER AGREEMENT NO. 11K
TO A320 FAMILY AIRCRAFT PURCHASE AGREEMENT
Dated as of July 20, 2011

As of November 25, 2014

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A321 NEO AIRCRAFT PERFORMANCE GUARANTEE – PW1133G-JM ENGINES

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Amended and Restated Letter Agreement No. 11K (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Letter Agreement No. 11K dated as of July 20, 2011 to the Agreement is hereby amended and restated to read in its entirety as set forth herein.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “**Guarantees**”) are applicable to the A321 NEO Aircraft as described in the A321 Standard Specification [****] for:

- i) [****]
- ii) [****]
- iii) the following design weights:

Maximum Take-Off Weight (MTOW)	[****]
Maximum Landing Weight (MLW)	[****]
Maximum Zero Fuel Weight (MZFW)	[****]
- iv) [****]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A321 NEO Aircraft gross weight of [****] at the start of ground run at sea level pressure altitude in [****] be not more than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

2.1.2 Take-Off Weight

When the A321 NEO Aircraft is operated in departure airport conditions [****] as follows:

Pressure altitude	[.****]
Temperature	[.****]
Take-Off Run Available (TORA)	[.****]
Take-Off Distance Available (TODA)	[.****]
Accelerate Stop Distance Available (ASDA)	[.****]
Slope	[.****]
Wind	[.****]
Obstacles	[.****]
(height and distance from beginning of TORA)	[.****]

the FAR approved Take-Off Weight of the A321 NEO Aircraft at the start of ground run shall be not less than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A321 NEO Aircraft gross weight of [****] at sea level pressure altitude shall be not more than:
Nominal: [****] Tolerance: [****] Guarantee: [****]

3 MISSION GUARANTEES

3.1 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.1.2 An allowance of [****]

3.1.3 An allowance of [****]

3.1.4 [****]

3.1.5 An allowance of [****]

3.1.6 An allowance of [****]

3.1.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.1.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.2 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.2.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.2.2 An allowance of [****]

3.2.3 An allowance of [****]

3.2.4 [****]

3.2.5 An allowance of [****]

3.2.6 An allowance of [****]

3.2.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.2.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.3 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.3.1 The departure airport conditions (assumed representative of LGA runway 04) are as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacles	: [****]
(height and distance from beginning of TORA)	

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.3.2 An allowance of [****]

3.3.3 An allowance of [****]

3.3.4 [****]

3.3.5 An allowance of [****]

3.3.6 An allowance of [****]

3.3.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.3.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.4 Mission Block Fuel

In carrying a fixed payload of [****]

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

when the A321 NEO Aircraft is operated as defined here below.

3.4.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.4.2 An allowance of [****]

3.4.3 An allowance of [****]

3.4.4 [****]

3.4.5 An allowance of [****]

3.4.6 An allowance of [****]

3.4.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.4.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

SPL [dB(A)]	Guarantee
SIL [dB]	[****]
	[****]

Noise levels shall be measured at the Captain’s and First Officer’s seat position at head level with normal cockpit air conditioning and ventilation in operation.

5.3.2 Cabin

At a pressure altitude of [****] shall be as follows:

[****]	SPL [dB(A)]	Guarantee
	SIL [dB]	[****]
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]

Noise levels shall be measured at a height of [****] above the passenger compartment floor on the aisle center lines in the passenger seated area.

5.4 Ramp Noise

The APU noise during ground operation of the A321 NEO Aircraft [****]

[****]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A321 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [****]

When establishing take-off performance [****]

6.3 Climb, cruise and descent performance associated with the Guarantees will include [****]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [****]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [****]

The definition of dB(A) shall be that specified as the “A-scale” weighting given in [****]

The Speech Interference Level (SIL) is defined as the [****]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [****]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [****]

7.3 Compliance [****] will be demonstrated [****]

7.4 Compliance with the Manufacturer’s Weight Empty guarantee will be demonstrated [****]

7.5 The [****] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A321 NEO Aircraft will have a [****]

Compliance with the interior noise and APU noise guarantees will be demonstrated [****]

[****]

The [****] will be used to demonstrate compliance with the guarantee in Paragraph 5.2.

7.6 Data [****] will be adjusted as required [****] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [****] demonstrating compliance with the Guarantees [****]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A321 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A321 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A321 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document with the exception of the A320 Family NEO Aircraft Performance Retention Guarantee.

10 UNDERTAKING REMEDIES

Should the A321 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [****]

10.1 [****]

(i) [****]

(ii) [****]

(iii) [****]

10.2 [****]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A321 NEO Aircraft will be [****]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Airbus S.A.S
Name: Airbus S.A.S.
Title: Senior Vice President Contracts

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President, Fleet Planning

APPENDIX A TO AMENDED AND RESTATED LETTER AGREEMENT NO. 11K

Layout Number: [****] MTOW (lb): [****]
 Seating: [****] MLW (lb): [****]
 Total: [****] MZFW (lb): [****]

	Weight (lb)
Preliminary Manufacturer's Weight Empty based on Standard Specification [****]	[****]
[****]	[****]
[****]	[****]
Manufacturer's Weight Empty (MWE) for the purpose of Paragraph 4	[****]
Cabin changes	[****]
[****]	[****]
Manufacturer's [****] equipment [****] and cargo hold fire extinguishers)	[****]
Customized MWE [****]	<hr/> [****]
<i>Operator's Items</i>	
Unusable fuel	[****]
Oil for engines, IGG and APU	[****]
Water	[****]
Water tank precharge	[****]
Aircraft documents and tool kit	[****]
Passenger seats and lifejackets	[****]
Galley structure	[****]
Fixed equipment	[****]
Catering and removable equipment	[****]
Emergency equipment	[****]
Crew and crew baggage	[****]
<i>Total Operator's Items</i>	<hr/> [****]
Operating Weight Empty (OWE) for the purpose of Paragraph 3	[****]

LETTER AGREEMENT NO. 11K-1
TO A320 FAMILY AIRCRAFT PURCHASE AGREEMENT
Dated as of July 20, 2011

As of November 25, 2014

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A321 NEO AIRCRAFT PERFORMANCE GUARANTEE – PW1133G-JM ENGINES

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11K-1 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “**Guarantees**”) are applicable to the A321 NEO Aircraft as described in the A321 Standard Specification [****] for:

- i) [****]
- ii) [****]
- iii) [****]
- iv) the following design weights:
 - Maximum Take-Off Weight (MTOW) [****]
 - Maximum Landing Weight (MLW) [****]
 - Maximum Zero Fuel Weight (MZFW) [****]
- v) [****]

hereinafter referred to as the “**Specification**” without taking into account any further changes thereto as provided in the Agreement.

The Guarantees are valid for the A321 NEO Aircraft [****]

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A321 NEO Aircraft gross weight of [****] at the start of ground run at sea level pressure altitude in [****] be not more]than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

2.1.2 Take-Off Weight

When the A321 NEO Aircraft is operated in departure airport conditions [****] as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacles	: [****]
(height and distance from beginning of TORA)	: [****]

the FAR approved Take-Off Weight of the A321 NEO Aircraft at the start of ground run shall be not less than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A321 NEO Aircraft gross weight of [****] at sea level pressure altitude shall be not more than:

Nominal: [****] Tolerance: [****] Guarantee: [****]

3 MISSION GUARANTEES

3.1 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.1.2 An allowance of [****]

3.1.3 An allowance of [****]

3.1.4 [****]

3.1.5 An allowance of [****]

3.1.6 An allowance of [****]

3.1.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.1.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.2 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.2.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.2.2 An allowance of [****]

3.2.3 An allowance of [****]

3.2.4 [****]

3.2.5 An allowance of [****]

3.2.6 An allowance of [****]

3.2.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.2.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.3 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****] Tolerance: [****] Guarantee: [****]

[****]

3.3.1 The departure airport conditions (assumed representative of LGA runway 04) are as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacles	: [****]
(height and distance from beginning of TORA)	

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.3.2 An allowance of [****]

3.3.3 An allowance of [****]

3.3.4 [****]

3.3.5 An allowance of [****]

3.3.6 An allowance of [****]

3.3.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.3.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.4 Mission Block Fuel

In carrying a fixed payload of [****]

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

when the A321 NEO Aircraft is operated as defined here below.

3.4.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.4.2 An allowance of [****]

3.4.3 An allowance of [****]

3.4.4 [****]

3.4.5 An allowance of [****]

3.4.6 An allowance of [****]

3.4.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.4.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.5 The Mission Payload and Block Fuel guarantees are based on an estimated fixed Operating Weight Empty of [****] (see Appendix A).

4 MANUFACTURER’S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer’s Weight Empty of the A321 NEO Aircraft as defined in Paragraph 1 above of not more than

Nominal: [****] Tolerance: [****] Guarantee: [****]

This is the Manufacturer’s Weight Empty of the A321 NEO Aircraft as defined in Section 13-10 of the A321 Standard Specification as amended by the SCNs defined in Paragraph 1 above and which will be derived from the weighing of the A321 NEO Aircraft and subject to adjustment as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A321 NEO Aircraft [****]

[****]

5.2 [****] Noise

The A321 NEO Aircraft [****]

This guarantee applies for the following conditions:

- [****]
- [****]
- [****]
- [****]
- [****]
- [****]

Station	Distance from [****] threshold (m)	Sideline Distance to runway extended centerline (m)	Height above ground (m)
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]

This guarantee does not apply to the [****]

This guarantee is based on [****]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

		<u>Guarantee</u>
SPL [dB(A)]		[****]
SIL [dB]		[****]

Noise levels shall be measured at the Captain’s and First Officer’s seat position at head level with normal cockpit air conditioning and ventilation in operation.

5.3.2 Cabin

At a pressure altitude of [****] shall be as follows:

		<u>Guarantee</u>
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]

Noise levels shall be measured at a height of [****] above the passenger compartment floor on the aisle center lines in the passenger seated area.

5.4 Ramp Noise

The APU noise during ground operation of the A321 NEO Aircraft [****]

[****]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A321 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [****]

When establishing take-off performance [****]

6.3 Climb, cruise and descent performance associated with the Guarantees will include [****]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [****]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [****]

The definition of dB(A) shall be that specified as the “A-scale” weighting given in [****]

The Speech Interference Level (SIL) is defined as the [****]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [****]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [****]

7.3 Compliance [****] will be demonstrated [****]

7.4 Compliance with the Manufacturer’s Weight Empty guarantee will be demonstrated [****]

7.5 The [****] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A321 NEO Aircraft will have a [****]

Compliance with the interior noise and APU noise guarantees will be demonstrated [****]

[****]

The [****] program will be used to demonstrate compliance with the guarantee in Paragraph 5.2.

7.6 Data [****] will be adjusted as required [****] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The Seller undertakes to furnish the Buyer with [****] demonstrating compliance with the Guarantees [****]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A321 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A321 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A321 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document with the exception of the A320 Family NEO Aircraft Performance Retention Guarantee.

10 UNDERTAKING REMEDIES

Should the A321 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [****]

10.1 [****]

(i) [****]

(ii) [****]

(iii) [****]

10.2 [****]

10.3 The Seller's maximum liability in respect of deficiency in performance of any A321 NEO Aircraft will be [****]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,
AIRBUS S.A.S.

By: /s/ Airbus S.A.S
Name: Airbus S.A.S.
Title: Senior Vice President Contracts

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President, Fleet Planning

CT1001520_LA11K-1_AAL_A320Family_EXECUTION

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APPENDIX A TO LETTER AGREEMENT NO. 11K-1

Layout Number: [****] MTOW (lb): [****]
 Seating: [****] MLW (lb): [****]
 Total: [****] MZFW (lb): [****]

	Weight (lb)
Preliminary Manufacturer's Weight Empty based on Standard Specification [****]	[****]
[****]	[****]
[****]	[****]
Manufacturer's Weight Empty (MWE) for the purpose of Paragraph 4	[****]
Cabin changes	[****]
[****]	[****]
Manufacturer's [****] equipment [****] and cargo hold fire extinguishers)	[****]
Customized MWE [****]	<hr/> [****]
<i>Operator's Items</i>	
Unusable fuel	[****]
Oil for engines, IGG and APU	[****]
Water	[****]
Water tank precharge	[****]
Aircraft documents and tool kit	[****]
Passenger seats and lifejackets	[****]
Galley structure	[****]
Fixed equipment	[****]
Catering and removable equipment	[****]
Emergency equipment	[****]
Crew and crew baggage	[****]
<i>Total Operator's Items</i>	<hr/> [****]
Operating Weight Empty (OWE) for the purpose of Paragraph 3	[****]

AMENDED AND RESTATED
LETTER AGREEMENT NO. 11L
TO A320 FAMILY AIRCRAFT PURCHASE AGREEMENT
Dated as of July 20, 2011

As of November 25, 2014

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: A321 NEO AIRCRAFT PERFORMANCE GUARANTEE – CFM LEAP-1A32 ENGINES

Dear Ladies and Gentlemen,

American Airlines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an A320 Family Aircraft Purchase Agreement dated as of July 20, 2011 (as supplemented and amended by the other letter agreements, and as otherwise supplemented, amended or modified from time to time, the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase or lease by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Amended and Restated Letter Agreement No. 11L (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale and lease of the Aircraft. Letter Agreement No. 11L dated as of July 20, 2011 to the Agreement is hereby amended and restated to read in its entirety as set forth herein.

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement will constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement will be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1 AIRCRAFT CONFIGURATION

The guarantees defined in Paragraphs 2, 3, 4 and 5 below (the “Guarantees”) are applicable to the A321 NEO Aircraft as described in the A321 Standard Specification [****] for:

- i) [****]
- ii) [****]
- iii) the following design weights:

Maximum Take-Off Weight (MTOW)	[****]
Maximum Landing Weight (MLW)	[****]
Maximum Zero Fuel Weight (MZFW)	[****]
- iv) [****]

hereinafter referred to as the “Specification” without taking into account any further changes thereto as provided in the Agreement.

2 GUARANTEED PERFORMANCE

2.1 Take-Off

2.1.1 Take-Off Field Length

The FAR approved Take-Off Field Length at an A321 NEO Aircraft gross weight of [****] at the start of ground run at sea level pressure altitude in [****] shall be not more than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

2.1.2 Take-Off Weight

When the A321 NEO Aircraft is operated in departure airport conditions [****] as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacles	: [****]
(height and distance from beginning of TORA)	: [****]

the FAR approved Take-Off Weight of the A321 NEO Aircraft at the start of ground run shall be not less than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

2.2 Landing Field Length

The FAR approved dry Landing Field Length at an A321 NEO Aircraft gross weight of [****] at sea level pressure altitude shall be not more than:

Nominal: [****]	Tolerance: [****]	Guarantee: [****]
-----------------	-------------------	-------------------

3 MISSION GUARANTEES

3.1 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.1.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.1.2 An allowance of [****]

3.1.3 An allowance of [****]

3.1.4 [****]

3.1.5 An allowance of [****]

3.1.6 An allowance of [****]

3.1.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.1.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.2 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.2.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.2.2 An allowance of [****]

3.2.3 An allowance of [****]

3.2.4 [****]

3.2.5 An allowance of [****]

3.2.6 An allowance of [****]

3.2.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.2.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.3 Mission Payload [****]

The A321 NEO Aircraft will be capable of carrying a Payload of not less than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

[****]

3.3.1 The departure airport conditions [****] are as follows:

Pressure altitude	: [****]
Temperature	: [****]
Take-Off Run Available (TORA)	: [****]
Take-Off Distance Available (TODA)	: [****]
Accelerate Stop Distance Available (ASDA)	: [****]
Slope	: [****]
Wind	: [****]
Obstacles	: [****]
(height and distance from beginning of TORA)	

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.3.2 An allowance of [****]

3.3.3 An allowance of [****]

3.3.4 [****]

3.3.5 An allowance of [****]

3.3.6 An allowance of [****]

3.3.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.3.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.4 Mission Block Fuel

In carrying a fixed payload of [****] of the A321 NEO Aircraft will be not more than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

when the A321 NEO Aircraft is operated as defined here below.

3.4.1 The departure airport conditions are such as to allow the required Take-Off Weight to be used without restriction. Pressure altitude is [****] at departure airport.

The destination airport conditions are such as to allow the required Landing Weight to be used without restriction. Pressure altitude is [****] at destination airport.

3.4.2 An allowance of [****]

3.4.3 An allowance of [****]

3.4.4 [****]

3.4.5 An allowance of [****]

3.4.6 An allowance of [****]

3.4.7 Stage distance is defined as the distance [****] Block fuel is defined as the fuel [****]

3.4.8 At the end of approach and landing [****] of fuel will remain in the tanks. This represents the estimated fuel required for:

- a) [****]
- b) [****]
- c) [****]
- d) [****]
- e) [****]

3.5 The Mission Payload and Block Fuel guarantees are based on an estimated fixed Operating Weight Empty of [****] (see Appendix A).

4 MANUFACTURER'S WEIGHT EMPTY GUARANTEE

The Seller guarantees a Manufacturer's Weight Empty of the A321 NEO Aircraft as defined in Paragraph 1 above of not more than

Nominal: [****]

Tolerance: [****]

Guarantee: [****]

This is the Manufacturer's Weight Empty of the A321 NEO Aircraft as defined in Section 13-10 of the A321 Standard Specification as amended by the SCNs defined in Paragraph 1 above and which will be derived from the weighing of the A321 NEO Aircraft and subject to adjustment as defined in the Paragraph 8 below.

5 NOISE GUARANTEE

5.1 Noise Certification

The A321 NEO Aircraft [****]

[****]

5.2 [****] Noise

The A321 NEO Aircraft [****]

This guarantee applies for the following conditions:

- [****]
- [****]
- [****]
- [****]
- [****]
- [****]

Station	Distance from [****] threshold (m)	Sideline Distance to runway extended centerline (m)	Height above ground (m)
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]

This guarantee does not apply to the [****]

This guarantee is based on [****]

5.3 Interior Noise in Flight

5.3.1 Cockpit

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

SPL [dB(A)]	Guarantee
SIL [dB]	[****]
	[****]

Noise levels shall be measured at the Captain's and First Officer's seat position at head level with normal cockpit air conditioning and ventilation in operation.

5.3.2 Cabin

At a pressure altitude of [****] the guaranteed A-weighted Sound Pressure Level (SPL) and the Speech Interference Level (SIL) shall be as follows:

		Guarantee
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]
[****]	SPL [dB(A)]	[****]
	SIL [dB]	[****]

Noise levels shall be measured at a height of [****] above the passenger compartment floor on the aisle center lines in the passenger seated area.

5.4 Ramp Noise

The APU noise during ground operation of the A321 NEO Aircraft [****]

[****]

6 GUARANTEE CONDITIONS

6.1 The certification requirements for the A321 NEO Aircraft, except where otherwise noted, will be as stated in Section 02 of the Specification.

6.2 For the determination of FAR take-off and landing performance [****]

When establishing take-off performance [****]

6.3 Climb, cruise and descent performance associated with the Guarantees will include [****]

6.4 Where applicable the Guarantees assume the use of an approved fuel having a density of [****]

6.5 Sound levels are to be specified in decibels (dB), at a reference pressure of [****]

The definition of dB(A) shall be that specified as the “A-scale” weighting given in [****]

The Speech Interference Level (SIL) is defined as the [****]

7 GUARANTEE COMPLIANCE

7.1 Compliance with the Guarantees will be demonstrated [****]

7.2 Compliance with the take-off and landing elements of the Guarantees will be demonstrated [****]

7.3 Compliance [****] will be demonstrated [****]

7.4 Compliance with the Manufacturer’s Weight Empty guarantee will be demonstrated [****]

7.5 The [****] will be used to demonstrate compliance with the guarantees of certification noise levels.

The A321 NEO Aircraft will have a [****]

Compliance with the interior noise and APU noise guarantees will be demonstrated [****]

[****]

7.6 Data [****] will be adjusted as required [****] accordance with established aeronautical practices to show compliance with the Guarantees.

7.7 The [****] will be used to demonstrate compliance with the guarantee in Paragraph 5.2.

7.8 The Seller undertakes to furnish the Buyer with [****] demonstrating compliance with the Guarantees [****]

8 ADJUSTMENT OF GUARANTEES

8.1 In the event of any change to any law, governmental regulation or requirement or interpretation thereof (“**Rule Change**”) by any governmental agency made subsequent to the date of the Agreement and such Rule Change affects the A321 NEO Aircraft configuration or performance or both required to obtain certification the Guarantees will be appropriately modified to reflect the effect of any such change.

8.2 The Guarantees apply to the A321 NEO Aircraft as described in Paragraph 1 above and may be adjusted in the event of:

- a) Any further configuration change which is the subject of an SCN
- b) Changes required to obtain certification which cause changes to the performance or weight of the A321 NEO Aircraft.

9 EXCLUSIVE GUARANTEES

The Guarantees are exclusive and are provided in lieu of any and all other performance and weight guarantees of any nature which may be stated, referenced or incorporated in the Specification or any other document with the exception of the A320 Family NEO Aircraft Performance Retention Guarantee.

10 UNDERTAKING REMEDIES

Should the A321 NEO Aircraft fail to meet any of the Guarantees specified in this Letter Agreement the Seller will [****]

- 10.1 [****]
- (i) [****]
 - (ii) [****]
 - (iii) [****]

10.2 [****]

10.3 The Seller’s maximum liability in respect of deficiency in performance of any A321 NEO Aircraft will be [****]

11 DUPLICATE REMEDIES

Except as provided in Paragraph 10, the remedies provided to the Buyer under this Guarantee are not cumulative of any other remedies provided to the Buyer under any other warranty or guarantee contained in the Agreement and the Buyer will not be entitled to duplicate remedies with respect to any single defect or costs incurred for any single defect.

12 ASSIGNMENT

This Letter Agreement and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement; provided, however, this Letter Agreement may not be assigned by the Buyer under either Clause 21.5 or 21.6 without the express written consent of the Seller, which the Seller may withhold in its sole discretion.

13 CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14 COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,
AIRBUS S.A.S.

By: /s/ Airbus S.A.S.
Name: Airbus S.A.S
Title: Senior Vice President Contracts

Accepted and Agreed
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President, Fleet Planning

CT1001520_Amended and Restated LA11L_AAL_A320Family_EXECUTION

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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.

AMENDMENT NO. 8

to the

A320 Family Aircraft Purchase Agreement

made July 20, 2011

between

AIRBUS S.A.S.

and

AMERICAN AIRLINES, INC.

This Amendment No. 8 to the A320 Family Aircraft Purchase Agreement made July 20, 2011 (as amended, supplemented or otherwise modified, hereinafter referred to as the “**Amendment**”), entered into as of June 11, 2015, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, 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, made 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**”;

WHEREAS, the Seller and the Buyer desire to defer the Scheduled Delivery Quarter previously specified with respect to certain A321 NEO Aircraft;

WHEREAS, the Seller and the Buyer desire to establish the Scheduled Delivery Quarter for those certain [****]; and

WHEREAS, in connection with the deferral and establishment of Scheduled Delivery Quarters contemplated hereby, the Seller and the Buyer desire to modify provisions contained in Letter Agreement No. 2 to the Agreement [****].

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.2 The Seller and the Buyer agree to specify the [****], as set forth in Exhibit 2 attached hereto.

1.3 [****].

1.4 The Predelivery Payment of [****] shall be applied to [****].

1.5 Clause 0 of the Agreement is amended to modify the following defined term between QUOTE and UNQUOTE:

QUOTE

[****]

UNQUOTE

2. DELIVERY SCHEDULES

2.1 Schedule I to the Agreement is deleted in its entirety and replaced with the “Schedule I to the Agreement” attached hereto as Exhibit 1, which reflects (i) Scheduled Delivery Months notified by the Seller to the Buyer as of the date of this Amendment and (ii) Scheduled Delivery Months as deferred pursuant to Paragraph 1.1 hereof.

2.2 Schedule III to Letter Agreement No. 4 is deleted in its entirety and replaced with the “Schedule III to Letter Agreement No. 4” attached hereto as Exhibit 2, [****].

3. DELIVERY PERIOD

Clause 11.1 of the Agreement is amended by replacing [****].

4. [**]**

Paragraph 2.1.1 of Letter Agreement No. 5 is amended by adding a new Sub-Paragraph 2.1.1(viii) immediately following Sub-Paragraph 2.1.1(vii) as follows:

QUOTE

[****]

UNQUOTE

5. [**]**

5.1 Sub-Paragraph 3.1.1(iv) of Letter Agreement No. 5 is amended by replacing [****].

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

5.2 [****]

5.3 Paragraph 3.1.3 of Letter Agreement No. 5 to the Agreement is deleted in its entirety and replaced by the following quoted text:

QUOTE

3.1.3 The [****] exercise of [****] will not have an effect on any guarantee set forth in Amended and Restated Letter Agreement No. 11C, Letter Agreement 11C-1, Amended and Restated Letter Agreement 11D, Amended and Restated Letter Agreement No. 11K, Letter Agreement 11K-1 or Amended and Restated Letter Agreement 11L to the Agreement.

UNQUOTE

5.4 Paragraph 3.3 of Letter Agreement No. 5 to the Agreement is deleted in its entirety and replaced by the following quoted text:

QUOTE

3.3 [****]

For each A320 Family NEO Aircraft type and Propulsion System combination set forth on Schedule I hereto, the Seller has provided a mission block fuel guarantee (each, a “**Fuel Guarantee**”) pursuant to the Letter Agreement set forth opposite such type and Propulsion System combination on Schedule I attached hereto. [****]

No earlier than [****] the Seller will provide the Buyer with the expected mission block fuel for the Fuel Guarantee mission for such type and Propulsion System combination calculated in good faith by the Seller pursuant to its customary industrial practices (each, a “**Fuel Burn Forecast**”).

Each Fuel Burn Forecast will be compared to the applicable Fuel Guarantee [****] Within [****] after receipt of such request from the Buyer, the Seller will notify the Buyer [****].

The Buyer will have [****] after the Seller notifies the Buyer in writing [****] Any Predelivery Payments held by the Seller for any A320 Family NEO Aircraft [****].

If the Buyer fails to confirm its acceptance in writing as required above, [****] will remain in effect.

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

UNQUOTE

5.5 Schedule I to Letter Agreement No. 5 to the Agreement is hereby deleted and replaced with the “Schedule I to Letter Agreement No. 5” attached hereto as Exhibit 3.

6. [****]

Paragraphs 7.3.1 and 7.3.2 of Letter Agreement No. 2 to the Agreement are deleted in their entirety and replaced by the following quoted text:

QUOTE

7.3.1 For each Aircraft that is sold by the Seller and purchased by the Buyer and delivered to the Buyer on or before [****]

(i) [****]

(ii) [****]

(iii) [****]

(iv) [****]

7.3.2 Except for [****], for each Aircraft that is sold by the Seller and purchased by the Buyer and delivered to the Buyer [****]

(i) [****]

(a) [****]

(b) [****]

(c) [****]

(d) [****]

(ii) [****]

(a) [****]

(b) [****]

(c) [****]

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

UNQUOTE

7. REFERENCES

On and after the date of this Amendment:

- (i) each reference in Letter Agreement No. 2, Letter Agreement No. 4 and Letter Agreement No. 5 to “this Letter Agreement”, “hereunder”, “hereof” or words of like import referring to Letter Agreement No. 2, Letter Agreement No. 4 or Letter Agreement No. 5, as applicable, shall mean and be a reference to Letter Agreement No. 2, Letter Agreement No. 4 or Letter Agreement No. 5, as applicable, as amended by this Amendment; and
- (ii) each reference in the Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment.

8. ASSIGNMENT

This Amendment and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement.

9. 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.

10. COUNTERPARTS

This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Airbus S.A.S.
Name: Airbus S.A.S
Title: Senior Vice President Contracts

Accepted and Agreed:
AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President – Fleet Planning

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EXHIBIT 1 to AMENDMENT NO. 8
SCHEDULE 1 to the Agreement

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
1	[****]	[****]	[****]
2	[****]	[****]	[****]
3	[****]	[****]	[****]
4	[****]	[****]	[****]
5	[****]	[****]	[****]
6	[****]	[****]	[****]
7	[****]	[****]	[****]
8	[****]	[****]	[****]
9	[****]	[****]	[****]
10	[****]	[****]	[****]
11	[****]	[****]	[****]
12	[****]	[****]	[****]
13	[****]	[****]	[****]
14	[****]	[****]	[****]
15	[****]	[****]	[****]
16	[****]	[****]	[****]
17	[****]	[****]	[****]
18	[****]	[****]	[****]
19	[****]	[****]	[****]
20	[****]	[****]	[****]
21	[****]	[****]	[****]
22	[****]	[****]	[****]
23	[****]	[****]	[****]
24	[****]	[****]	[****]
25	[****]	[****]	[****]
26	[****]	[****]	[****]
27	[****]	[****]	[****]
28	[****]	[****]	[****]
29	[****]	[****]	[****]
30	[****]	[****]	[****]
31	[****]	[****]	[****]
32	[****]	[****]	[****]
33	[****]	[****]	[****]
34	[****]	[****]	[****]

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
35	[****]	[****]	[****]
36	[****]	[****]	[****]
37	[****]	[****]	[****]
38	[****]	[****]	[****]
39	[****]	[****]	[****]
40	[****]	[****]	[****]
41	[****]	[****]	[****]
42	[****]	[****]	[****]
43	[****]	[****]	[****]
44	[****]	[****]	[****]
45	[****]	[****]	[****]
46	[****]	[****]	[****]
47	[****]	[****]	[****]
48	[****]	[****]	[****]
49	[****]	[****]	[****]
50	[****]	[****]	[****]
51	[****]	[****]	[****]
52	[****]	[****]	[****]
53	[****]	[****]	[****]
54	[****]	[****]	[****]
55	[****]	[****]	[****]
56	[****]	[****]	[****]
57	[****]	[****]	[****]
58	[****]	[****]	[****]
59	[****]	[****]	[****]
60	[****]	[****]	[****]
61	[****]	[****]	[****]
62	[****]	[****]	[****]
63	[****]	[****]	[****]
64	[****]	[****]	[****]
65	[****]	[****]	[****]
66	[****]	[****]	[****]
67	[****]	[****]	[****]
68	[****]	[****]	[****]
69	[****]	[****]	[****]

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
70	[****]	[****]	[****]
71	[****]	[****]	[****]
72	[****]	[****]	[****]
73	[****]	[****]	[****]
74	[****]	[****]	[****]
75	[****]	[****]	[****]
76	[****]	[****]	[****]
77	[****]	[****]	[****]
78	[****]	[****]	[****]
79	[****]	[****]	[****]
80	[****]	[****]	[****]
81	[****]	[****]	[****]
82	[****]	[****]	[****]
83	[****]	[****]	[****]
84	[****]	[****]	[****]
85	[****]	[****]	[****]
86	[****]	[****]	[****]
87	[****]	[****]	[****]
88	[****]	[****]	[****]
89	[****]	[****]	[****]
90	[****]	[****]	[****]
91	[****]	[****]	[****]
92	[****]	[****]	[****]
93	[****]	[****]	[****]
94	[****]	[****]	[****]
95	[****]	[****]	[****]
96	[****]	[****]	[****]
97	[****]	[****]	[****]
98	[****]	[****]	[****]
99	[****]	[****]	[****]
100	[****]	[****]	[****]
101	[****]	[****]	[****]
102	[****]	[****]	[****]
103	[****]	[****]	[****]
104	[****]	[****]	[****]

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
105	[****]	[****]	[****]
106	[****]	[****]	[****]
107	[****]	[****]	[****]
108	[****]	[****]	[****]
109	[****]	[****]	[****]
110	[****]	[****]	[****]
111	[****]	[****]	[****]
112	[****]	[****]	[****]
113	[****]	[****]	[****]
114	[****]	[****]	[****]
115	[****]	[****]	[****]
116	[****]	[****]	[****]
117	[****]	[****]	[****]
118	[****]	[****]	[****]
119	[****]	[****]	[****]
120	[****]	[****]	[****]
121	[****]	[****]	[****]
122	[****]	[****]	[****]
123	[****]	[****]	[****]
124	[****]	[****]	[****]
125	[****]	[****]	[****]
126	[****]	[****]	[****]
127	[****]	[****]	[****]
128	[****]	[****]	[****]
129	[****]	[****]	[****]
130	[****]	[****]	[****]
131	[****]	[****]	[****]
132	[****]	[****]	[****]
133	[****]	[****]	[****]
134	[****]	[****]	[****]
135	[****]	[****]	[****]
136	[****]	[****]	[****]
137	[****]	[****]	[****]
138	[****]	[****]	[****]
139	[****]	[****]	[****]

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Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
140	[****]	[****]	[****]
141	[****]	[****]	[****]
142	[****]	[****]	[****]
143	[****]	[****]	[****]
144	[****]	[****]	[****]
145	[****]	[****]	[****]
146	[****]	[****]	[****]
147	[****]	[****]	[****]
148	[****]	[****]	[****]
149	[****]	[****]	[****]
150	[****]	[****]	[****]
151	[****]	[****]	[****]
152	[****]	[****]	[****]
153	[****]	[****]	[****]
154	[****]	[****]	[****]
155	[****]	[****]	[****]
156	[****]	[****]	[****]
157	[****]	[****]	[****]
158	[****]	[****]	[****]
159	[****]	[****]	[****]
160	[****]	[****]	[****]
161	[****]	[****]	[****]
162	[****]	[****]	[****]
163	[****]	[****]	[****]
164	[****]	[****]	[****]
165	[****]	[****]	[****]
166	[****]	[****]	[****]
167	[****]	[****]	[****]
168	[****]	[****]	[****]
169	[****]	[****]	[****]
170	[****]	[****]	[****]
171	[****]	[****]	[****]
172	[****]	[****]	[****]
173	[****]	[****]	[****]
174	[****]	[****]	[****]

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
175	[****]	[****]	[****]
176	[****]	[****]	[****]
177	[****]	[****]	[****]
178	[****]	[****]	[****]
179	[****]	[****]	[****]
180	[****]	[****]	[****]
181	[****]	[****]	[****]
182	[****]	[****]	[****]
183	[****]	[****]	[****]
184	[****]	[****]	[****]
185	[****]	[****]	[****]
186	[****]	[****]	[****]
187	[****]	[****]	[****]
188	[****]	[****]	[****]
189	[****]	[****]	[****]
190	[****]	[****]	[****]
191	[****]	[****]	[****]
192	[****]	[****]	[****]
193	[****]	[****]	[****]
194	[****]	[****]	[****]
195	[****]	[****]	[****]
196	[****]	[****]	[****]
197	[****]	[****]	[****]
198	[****]	[****]	[****]
199	[****]	[****]	[****]
200	[****]	[****]	[****]
201	[****]	[****]	[****]
202	[****]	[****]	[****]
203	[****]	[****]	[****]
204	[****]	[****]	[****]
205	[****]	[****]	[****]
206	[****]	[****]	[****]
207	[****]	[****]	[****]
208	[****]	[****]	[****]
209	[****]	[****]	[****]

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
210	[****]	[****]	[****]
211	[****]	[****]	[****]
212	[****]	[****]	[****]
213	[****]	[****]	[****]
214	[****]	[****]	[****]
215	[****]	[****]	[****]
216	[****]	[****]	[****]
217	[****]	[****]	[****]
218	[****]	[****]	[****]
219	[****]	[****]	[****]
220	[****]	[****]	[****]
221	[****]	[****]	[****]
222	[****]	[****]	[****]
223	[****]	[****]	[****]
224	[****]	[****]	[****]
225	[****]	[****]	[****]
226	[****]	[****]	[****]
227	[****]	[****]	[****]
228	[****]	[****]	[****]
229	[****]	[****]	[****]
230	[****]	[****]	[****]

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[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**A320 Family NEO Aircraft Type and Propulsion
System combination**

A319 NEO Aircraft with PW1124G-JM engines

A319 NEO Aircraft with PW1124G-JM with PIP/edge engine
performance improvement package

A319 NEO Aircraft with LEAP-1A24 engines

A320 NEO Aircraft with PW1127G-JM engines

A320 NEO Aircraft with LEAP-1A26 engines

A321 NEO Aircraft with PW1133G-JM engines

A321 NEO Aircraft with PW1133G-JM engines with PIP/edge engine
performance improvement package

Fuel Guarantee

As set forth in Paragraph 3.3 of Amended and Restated Letter
Agreement No. 11C to the Agreement

As set forth in Paragraph 3.3 of Letter Agreement No. 11C-1 to the
Agreement

As set forth in Paragraph 3.3 of Amended and Restated Letter
Agreement No. 11D to the Agreement

Reserved

Reserved

As set forth in Paragraph 3.4 of Amended and Restated Letter
Agreement No. 11K to the Agreement

As set forth in Paragraph 3.4 of Letter Agreement No. 11K-1 to the
Agreement

AMD 8_CT1001520_AAL_A320Family_EXECUTION

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.

AMENDMENT NO. 9

to the

A320 Family Aircraft Purchase Agreement

made July 20, 2011

between

AIRBUS S.A.S.

and

AMERICAN AIRLINES, INC.

This Amendment No. 9 to the A320 Family Aircraft Purchase Agreement made July 20, 2011 (as amended, supplemented or otherwise modified, hereinafter referred to as the “**Amendment**”), entered into as of September 23, 2015, by and between **AIRBUS S.A.S.**, a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, 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 4333 Amon Carter Boulevard, 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, made 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 Buyer and the Seller have agreed to modify certain terms relating to the Delivery Location.

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.

1. A321 NEO CABINFLEX

1.1 Clause 0 of the Agreement is hereby amended by deleting the definitions for A319 Standard Specification, A320 Standard Specification, A321 Standard Specification, AirbusWorld and Customization Milestone Chart in their entirety and replacing such definitions with the following quoted text in alphabetical order:

QUOTE

A319 Standard Specification – the A319 standard specification document number J.000.01000, Issue 7, dated June 20, 2011, a copy of which is annexed hereto as Exhibit A-1, as amended to include a maximum take-off weight (MTOW) of 166,449 pounds, a maximum landing weight (MLW) of 137,789 pounds and a maximum zero fuel weight (MZFW) of 128,970 pounds.

A320 Standard Specification – the A320 standard specification document number D.000.02000, Issue 8, dated June 20, 2011, a copy of which is annexed hereto as Exhibit A-1, as amended to include a maximum take-off weight (MTOW) of 171,960 pounds, a maximum landing weight (MLW) of 145,505 pounds and a maximum zero fuel weight (MZFW) of 137,789 pounds.

A321 Standard Specification – (i) with respect to any A321 Aircraft, the A321 standard specification document number E.000.02000, Issue 5, dated June 20, 2011, a copy of which is annexed hereto as Exhibit A-1, as amended to include a maximum take-off weight (MTOW) of 206,132 pounds, a maximum landing weight (MLW) of 171,519 pounds and a maximum zero fuel weight (MZFW) of 162,701 pounds and the installation of two (2) auxiliary center tanks or (ii) with respect to any A321 NEO Aircraft and upon issuance thereof, the A321 NEO ACF standard specification, Issue 1, a copy of which will be provided to the Buyer and will be deemed to be incorporated herein as Exhibit A-1 as soon as it becomes available.

AirbusWorld – the internet portal maintained by the Seller to provide online access to the data and services described in Clause 14.

Customization Milestone Chart – as defined in Clause 2.5.1.

UNQUOTE

1.2 Clause 0 of the Agreement is hereby amended by adding the following quoted text in alphabetical order:

QUOTE

Baseline ACF – as defined in Clause 2.1.1.3.

CabinFlex Door Configuration or ACF - as defined in Clause 2.1.1.3.

UNQUOTE

1.3 A new Clause 2.1.1.3 is added to the Agreement with the following quoted text:

QUOTE

2.1.1.3 A321 NEO Aircraft – CabinFlex Door Configuration

The Seller is currently developing a new door configuration for the A321 NEO Aircraft allowing the installation of up to 240 seats through, amongst other means, the activation or deactivation of certain doors (the “**CabinFlex Door Configuration**” or “**ACF**”).

The baseline CabinFlex Door Configuration shall consist of a type C door 1, a type III overwing exit, a type C door 3 and a type C door 4 and shall allow for up to 220 seats to be installed on the A321 NEO Aircraft (the “**Baseline ACF**”). The Baseline ACF shall be irrevocably implemented on all A321 NEO Aircraft with a Scheduled Delivery Month from and including the [****], as set forth in the A321 Standard Specification applicable to A321 NEO Aircraft.

In addition to the Baseline ACF, at the time of cabin definition and within a timeframe compatible with the contractual definition freeze of the A321 NEO Aircraft pursuant to Clause 2.5.2, the Buyer shall have the option to modify the allowable seating capacity of the A321 NEO Aircraft, at costs to be borne by the Buyer, by executing the relevant SCNs covering the installation of an additional type III overwing exit and/or the de-activation of door 3 and such other additional cabin features as may be selected by the Buyer.

UNQUOTE

2. DELIVERY

The penultimate sentence in Clause 9.2.2 of the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

The Seller will provide to the Buyer (or with respect to Leased Aircraft, the Lessor), or will cause its Affiliate to provide, (i) a warranty bill of sale, where the Delivery Location is Mobile, Alabama, in the form of Exhibit E-1 and, where the Delivery Location is any place other than Mobile, Alabama, in the form of Exhibit E-2 (the “**Warranty Bill of Sale**”), (ii) FAA Form 8050-2 (the “**Aircraft Bill of Sale**”), (iii) such other documentation confirming transfer of title and receipt of such Final Price of such Aircraft as may reasonably be requested by the Buyer (and, with respect to Leased Aircraft, by the Lessor), and (iv) if Mobile, Alabama is the Delivery Location, a warranty from Airbus S.A.S in the form of Exhibit J.

UNQUOTE

3. CERTIFICATE OF ACCEPTANCE

Clause 8.3 of the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

Within five (5) days after the Aircraft is Ready for Delivery, the Buyer will execute and deliver to the Seller a certificate of acceptance in respect of such Aircraft (x) if the Delivery Location is Mobile, Alabama, in the form of Exhibit D-1 and, (y) if the Delivery Location is any place other than Mobile, Alabama, in the form of Exhibit D-2 (the “**Certificate of Acceptance**”).

UNQUOTE

4. BUYER FURNISHED EQUIPMENT

4.1 The last sentence of Clause 18.1.4 of the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

The Buyer will also provide, when requested by the Seller, at the Airbus Operations S.A.S. facility in Toulouse, France, the Airbus Operations GmbH Division Hamburger Flugzeugbau facility in Hamburg, Germany, and/or the Airbus Americas Inc. facility in Mobile, Alabama, adequate field service including support from BFE Suppliers to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of BFE.

UNQUOTE

4.2 Clause 18.1.6 of the Agreement is renumbered as Clause 18.1.6(a).

4.3 A new Clause 18.1.6 (b) is added to the Agreement after Clause 18.1.6(a) as set forth in the following quoted text:

QUOTE

(b) BFE delivered to the Seller’s Affiliate in Mobile, Alabama, as may be specified by the Seller pursuant to Clause 18.1.6(a), will be shipped according to the Incoterms 2010 [****] Airbus Americas, Inc., Mobile, Alabama.

UNQUOTE

4.4 Clause 18.2.1(iii) of the Agreement is amended by replacing the words “DAP (Delivery at Place) according to the Incoterms,” with “the Declaration of Design and Performance”.

5. NEW ENGINE OPTION

Clause 2.1.1.1 of the Agreement is amended by replacing the words “Clauses 2.3.4, 2.3.5 and 2.3.6” with “Clauses 2.4.4, 2.4.5 and 2.4.6”.

6. WARRANTED PARTS

Clause 12.1.9 of the Agreement is amended by replacing the words “Clause 12.1.2.3” with “Clause 12.1.3”.

7. EXHIBIT D – Form of Certificate of Acceptance

Exhibit D is deleted in its entirety and replaced with Exhibits D-1 and D-2 attached hereto as Attachments A and B.

8. EXHIBIT E – Form of Bill of Sale

Exhibit E is deleted in its entirety and replaced with Exhibits E-1 and E-2 attached hereto as Attachments C and D.

9. EXHIBIT J – Form of Airbus S.A.S Warranty

Exhibit J attached hereto as Attachment E is hereby added to the Agreement.

10. TABLE OF CONTENTS

10.1 Upon issuance by the Seller of the A321 NEO ACF standard specification, Issue 1, the reference to Exhibit A-1 in the Table of Contents to the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

Exhibit A-1 A319 AIRCRAFT STANDARD SPECIFICATION
A320 AIRCRAFT STANDARD SPECIFICATION
A321 AIRCRAFT STANDARD SPECIFICATION
A321 NEO ACF STANDARD SPECIFICATION

UNQUOTE

10.2 The reference to Exhibit D in the Table of Contents to the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

Exhibit D-1 FORM OF CERTIFICATE OF ACCEPTANCE (MOBILE DELIVERIES)

Exhibit D-2 FORM OF CERTIFICATE OF ACCEPTANCE (BLAGNAC/HAMBURG DELIVERIES)

UNQUOTE

10.3 The reference to Exhibit E in the Table of Contents to the Agreement is deleted in its entirety and replaced with the following quoted text:

QUOTE

Exhibit E-1 FORM OF BILL OF SALE (MOBILE DELIVERIES)

Exhibit E-2 FORM OF BILL OF SALE (BLAGNAC/HAMBURG DELIVERIES)

UNQUOTE

10.4 A new reference to Exhibit J is added to the Table of Contents to the Agreement in appropriate alphabetical order with the following quoted text:

QUOTE

Exhibit J FORM OF AIRBUS S.A.S. WARRANTY

UNQUOTE

11. EXHIBIT A-1 STANDARD SPECIFICATIONS

Upon issuance by the Seller of the A321 NEO ACF standard specification, Issue 1, Exhibit A-1 is amended by adding the quoted text at the end of the exhibit as follows:

QUOTE

The A321 NEO ACF Standard Specification is contained in a separate folder.

UNQUOTE

12. SHORT LEADTIME OPTION AIRCRAFT DELIVERY SCHEDULE

Schedule IIA to Letter Agreement No. 4 is deleted in its entirety and replaced with the Schedule IIA attached hereto as Attachment F.

13. REFERENCES

On and after the date of this Amendment:

- (i) each reference in the Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment; and
- (ii) each reference in Letter Agreement No. 4 to “this Letter Agreement”, “hereunder”, “hereof” or words of like import referring to Letter Agreement No. 4 shall mean and be a reference to Letter Agreement No. 4 as amended by this Amendment.

14. ASSIGNMENT

This Amendment and the rights and obligations of the parties will be subject to the provisions of Clause 21 of the Agreement.

15. 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.

16. COUNTERPARTS

This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Airbus S.A.S.
Name: Airbus S.A.S
Title: Senior Vice President Contracts

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Name: American Airlines, Inc.
Title: Vice President – Fleet Planning

FORM OF CERTIFICATE OF ACCEPTANCE

In accordance with Clause 8.1 of the A320 Family Purchase Agreement dated 20th of July 2011 made between American Airlines, Inc. (the “**Customer**”) and Airbus S.A.S., as amended and supplemented from time to time (the “**Purchase Agreement**”), the Technical Acceptance Process (as defined in the Purchase Agreement) relating to one Airbus A3[●]-[●]aircraft bearing manufacturer’s serial number [●] and registration mark [●], with two (2) [●] series propulsion systems installed thereon, serial numbers [●] (position #1) and [●] (position #2) (the “**Aircraft**”) has been successfully completed in Mobile, Alabama, United States.

The Customer, [as agent of [insert the name of the lessor/SPC] (the “Owner”) pursuant to the [purchase agreement assignment] dated [day] [month] [year], between the Customer and the Owner] hereby accepts the Aircraft for delivery in accordance with the provisions of the Purchase Agreement.

Such acceptance will not impair the rights that may be derived from the warranties, indemnities and performance guaranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the Customer [, as agent of the Owner,] has caused this instrument to be executed by its duly authorized representative this day of in Mobile, Alabama, United States of America.

American Airlines, Inc. [as agent of **OWNER**]

By: _____
Name:
Title:

FORM OF CERTIFICATE OF ACCEPTANCE

In accordance with Clause 8.1 of the A320 Family Purchase Agreement dated 20th of July 2011 and made between American Airlines, Inc. (the “**Customer**”) and Airbus S.A.S., as amended and supplemented from time to time (the “**Purchase Agreement**”), the Technical Acceptance Process (as defined in the Purchase Agreement) relating to one Airbus A3[●]-[●] aircraft, bearing manufacturer’s serial number [●], and registration mark [●], [Customer Airplane Number [●], with two (2) [●] series propulsion systems installed thereon, serial numbers [●] (position #1) and [●] (position #2) (the “**Aircraft**”) has been successfully completed in [Blagnac/Hamburg].

The Customer, [as agent of [insert the name of the lessor/SPC] (the “**Owner**”) pursuant to the [purchase agreement assignment] dated [day] [month] [year], between the Customer and the Owner] hereby accepts the Aircraft for delivery in accordance with the provisions of the Purchase Agreement.

Such acceptance will not impair the rights that may be derived from the warranties, indemnities and performance guaranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the Customer[, as agent of the Owner] has caused this instrument to be executed by its duly authorized representative this day of , in [Blagnac, France/Hamburg, Germany].

American Airlines, Inc. [as agent of **OWNER**]

By:
Name:
Title:

FORM OF WARRANTY BILL OF SALE

Know all men by these presents that Airbus Americas Inc., a Delaware corporation having its principal place of business at 2550 Wasser Terrace, Suite 9100, Herndon, VA 20171, United States (the “**Seller**”), was, this day of , the owner of the title to the following airframe (the “**Airframe**”), the [engines/propulsion systems] as specified (the “[**Engines/Propulsion Systems**]”) and all appliances, components, parts, instruments, appurtenances, accessories, furnishings, modules and other equipment of any nature, excluding buyer furnished equipment, (“**BFE**”), incorporated therein, installed thereon or attached thereto on the date hereof (the “**Parts**”):

AIRFRAME:

AIRBUS Model A3[●]-[●]

[ENGINES/PROPULSION SYSTEMS]:

[Insert name of engine or propulsion system manufacturer] Model [●]

DATE OF MANUFACTURE: [●]

MANUFACTURER’S SERIAL NUMBER: [●]

ENGINE SERIAL NUMBERS:

LH: [●]

RH: [●]

REGISTRATION MARK: [●]

The Airframe, [Engines/Propulsion Systems] and Parts are hereafter together referred to as the “**Aircraft**”.

The Seller does this day of [month] [year], grant, convey, bargain, sell, transfer, deliver and set over all of its rights, title and interest in and to the Aircraft to the following entity and to its successors and assigns forever, such Aircraft to be the property thereof:

[Insert Name/Address of Buyer]
(the “**Buyer**”)

The Seller hereby warrants to the Buyer, its successors and assigns that it has good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer and that there is hereby conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others and that the Seller will warrant and defend such title forever against all claims and demands whatsoever.

This Warranty Bill of Sale is governed by and shall be construed in accordance with the laws of the State of New York.

**ATTACHMENT C
EXHIBIT E-1**

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed by its duly authorized representative this day of in Mobile, Alabama, United States of America.

AIRBUS AMERICAS INC.

By: _____
Name:
Title:

FORM OF WARRANTY BILL OF SALE

Know all men by these presents that Airbus S.A.S., a *société par actions simplifiée* existing under French law and having its principal office at 1 rond-point Maurice Bellonte, 31707 Blagnac Cedex, FRANCE (the “**Seller**”), was this [day] [month] [year] the owner of the title to the following airframe (the “**Airframe**”), the [engines/propulsion systems] as specified (the “[**Engines/Propulsion Systems**]”) and all appliances, components, parts, instruments, appurtenances, accessories, furnishings, modules and other equipment of any nature, excluding buyer furnished equipment (“**BFE**”), incorporated therein, installed thereon or attached thereto on the date hereof (the “**Parts**”):

AIRFRAME:

AIRBUS Model A3[●]-[●]

[ENGINES/PROPULSION SYSTEMS]:

[Insert name of engine or propulsion system manufacturer] Model [●]

DATE OF MANUFACTURE: [●]

MANUFACTURER’S SERIAL NUMBER: [●]

ENGINE SERIAL NUMBERS:

LH: [●]

RH: [●]

REGISTRATION MARK: [●]

The Airframe, [Engines/Propulsion Systems] and Parts are hereafter together referred to as the “**Aircraft**”.

The Seller does this day of [month] [year], grant, convey, bargain, sell, transfer, deliver and set over all of its rights, title and interest in and to the Aircraft to the following entity and to its successors and assigns forever, such Aircraft to be the property thereof:

[Insert Name/Address of Buyer]
(the “**Buyer**”)

The Seller hereby warrants to the Buyer, its successors and assigns that it has good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer and that there is hereby conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others and that the Seller will warrant and defend such title forever against all claims and demands whatsoever.

This Warranty Bill of Sale is governed by and shall be construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed by its duly authorized representative this day of [month], [year] in [Blagnac, France/Hamburg, Germany].

AIRBUS S.A.S.

By: _____
Name:
Title:

AIRBUS WARRANTY

Airbus S.A.S. hereby warrants to (the “**Buyer**”), its successors and assigns that the Warranty Bill of Sale executed by Airbus Americas Inc. dated and relating to one A3 - aircraft bearing MSN (the “**Aircraft**”) conveys to the said Buyer on the date hereof good, legal and valid title to the Aircraft, the [engines/propulsion systems], appliances, components, parts, instruments, appurtenances, accessories, furnishings, modules and other equipment of any nature, as described in the Warranty Bill of Sale, free and clear of all liens, claims, charges, encumbrances and rights of others, and that Airbus S.A.S. will warrant and defend such title forever against all claims and demands whatsoever.

This Airbus Warranty is governed by and shall be construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, Airbus S.A.S. has caused this Airbus Warranty to be executed by its duly authorized representative this day of .

AIRBUS S.A.S.

By: _____
Name:
Title:

**ATTACHMENT F
SCHEDULE IIA**

Batch consisting of [****] Option Aircraft bearing rank	Scheduled Delivery Quarter	[****] Option Exercise Notice Date
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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.

AMENDMENT NO. 10

to the

A320 Family Aircraft Purchase Agreement

made July 20, 2011

between

AIRBUS S.A.S.

and

AMERICAN AIRLINES, INC.

This Amendment No. 10 to the A320 Family Aircraft Purchase Agreement dated July 20, 2011 (the “**Amendment**”), dated as of July 16, 2018, 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 4333 Amon Carter Boulevard, 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**”;

WHEREAS, pursuant to that certain letter dated 9 April 2018 from Seller and accepted by Buyer with the subject “[****]” the parties agreed to defer Aircraft with CAC Id. Numbers 392669, 392671, and 392673 pursuant to Section 3.1.2(ii) of Letter Agreement No. 5 to the Scheduled Delivery Quarters set forth on Exhibit 1 to this Amendment; and

WHEREAS, the Buyer and the Seller have agreed to defer the Scheduled Delivery Month or Scheduled Delivery Quarter, as applicable, of certain additional 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.

1. NEO AIRCRAFT DEFERRAL

CT1001520_AMD 10_AAL_A320_PA_EXECUTION

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1.4 Clause 7.3.1 of Letter Agreement No. 2 is hereby deleted in its entirety and restated as follows:

“For each Aircraft that is sold by the Seller and delivered to the Buyer on or before [****]:

- (i) [****];
- (ii) [****];
- (iii) [****]; and
- (iv) [****]”

1.5 Clause 7.3.2 of Letter Agreement No. 2 is hereby deleted in its entirety and restated as follows:

“Except for the [****], for each Aircraft that is sold by the Seller and purchased by the Buyer and delivered to the Buyer [****]:

- (i) [****]:
 - (a) [****];
 - (b) [****];
 - (c) [****]; and
 - (d) [****].
- (ii) [****]:
 - (a) [****];
 - (b) [****]; and
 - (c) [****]”

1.6 Notwithstanding anything to the contrary in the Agreement, with respect to the [****]. The Seller [****].

2. DELIVERY SCHEDULES

Schedule I to the Agreement is deleted in its entirety and replaced with the “Schedule I to the Agreement” attached as Exhibit 1.

3. REFERENCES

On and after the date of this Amendment:

- (i) each reference in Letter Agreement No. 2 to “this Letter Agreement”, “hereunder”, “hereof” or words of like import referring to Letter Agreement No. 2 shall mean and be a reference to Letter Agreement No. 2 as amended by this Amendment; and
- (ii) each reference in the Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment.

4. EFFECT OF AMENDMENT

- 4.1 Upon execution, this Amendment will constitute a valid amendment to the Agreement and the Agreement will be deemed to be 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 supersedes any previous understandings, commitments or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.
- 4.2 This Amendment will constitute an integral, nonseverable part of the Agreement, that the provisions of the Agreement are hereby incorporated herein by reference, and that this Amendment will be governed by the provisions of the Agreement, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

5. ASSIGNMENT

This Amendment and the rights and obligations of the parties are subject to the provisions of 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.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Airbus S.A.S.

Name: Airbus S.A.S.

Title: Vice President Contracts

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Name: American Airlines, Inc.

Title: Vice President and Treasurer

Amendment No. 14, dated as of October 8, 2020, to the
A320 Family Aircraft Purchase Agreement, made July 20, 2011,
between Airbus S.A.S. and American Airlines, Inc.

This Amendment No. 14, dated as of October 8, 2020, (the “**Amendment**”) to the A320 Family Aircraft Purchase Agreement, made July 20, 2011, 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, made 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, with respect to (a) those Aircraft designated in the Agreement as [****], each of which were [****] (the “[****] **Aircraft**”), and (b) that Aircraft designated in the Agreement as [****] and [****] (the “[****] **Aircraft**”), Seller [****] Buyer, which [****] Aircraft and [****] Aircraft upon their [****] Buyer (the “[****]”); and

WHEREAS, Seller [****] hereafter [****] Buyer a similar [****] for each of the [****] Aircraft [****] from Seller to Buyer under the Agreement (the “[****]”); and

WHEREAS, in order to [****] Aircraft, the [****] Aircraft and the [****] Aircraft (collectively, the “[****] **Aircraft**”), the Parties agree that [****] Seller to Buyer in regard to any of the [****] Aircraft shall be [****] Seller to [****] Aircraft [****] Buyer [****] Aircraft to Buyer pursuant to the Agreement; and

WHEREAS, the Parties have agreed to amend the Agreement to reflect the [****] for each [****] where such an [****] is [****] by Seller.

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.

1. [****]

1.1 Seller and Buyer acknowledge that Seller [****] to Buyer an “[****]” with respect to:

- (a) each of the [****] Aircraft in the [****] ([****]); and
- (b) the [****] Aircraft in the [****] ([****]).

1.2 If Seller [****] to Buyer an [****] Aircraft, the [****] shall be [****] Seller to Buyer, [****] Aircraft, and [****] by Buyer to Seller for and [****] Aircraft.

1.3 Seller and Buyer confirm that this Amendment constitutes a written agreement between Buyer and Seller relating to the [****] Aircraft and [****] Aircraft as [****] of the Agreement, when such [****] by Seller [****] Aircraft. Seller and Buyer further confirm that [****] set forth in Clause 1.1 above [****] Aircraft and [****] Aircraft as such [****] by Seller in [****] Aircraft and [****] Aircraft, and [****] by Seller for a [****] Aircraft will be an [****] Aircraft, in the [****] by Seller in [****] Aircraft.

2. 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.

3. 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 this Amendment.

4. ASSIGNMENT

This Amendment and the rights and obligations of the parties are subject to the provisions of this Clause 21 of the Agreement.

5. 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.

6. 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 No. 14 was entered into as of the day and year first above written.

AIRBUS S.A.S.

By: /s/ Airbus S.A.S. _____
Name: Airbus S.A.S.
Title: Senior Vice President, Contracts

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc. _____
Name: American Airlines, Inc.
Title: Vice President and Treasurer

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.

SUPPLEMENTAL AGREEMENT NO. 11

to

Purchase Agreement No. 03735

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 11 (**SA-11**), entered into as of October 9, 2020 (**Effective Date**), by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington (**Boeing**) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (**Customer**);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (**Purchase Agreement**) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Customer and Boeing desire to (i) each have the [****] ([****]), and (ii) provide [****];

WHEREAS, Customer and Boeing desire to revise letter agreement AAL-PA- 3735-1106651, entitled "[****]", to [****];

WHEREAS, Boeing [****] to [****] the [****] for [****] that have been [****] as of the Effective Date of this SA-11;

WHEREAS, Boeing [****] to [****]; and

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

PA 03735 SA-11, Page 1

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1. Table of Contents.

The “Table Of Contents” to the Purchase Agreement referencing SA-10 in the footer is deleted in its entirety and is replaced with the new “Table Of Contents” (attached hereto) referencing SA-11 in the footer to reflect changes made to the Purchase Agreement by this SA-11. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

2. Letter Agreement.

2.1 Letter Agreement No. AAL-PA-3735-1106650R3, entitled “[****],” is deleted in its entirety and replaced with the similarly titled Letter Agreement No. AAL-PA-3735- 1106650R4 (attached hereto) referencing SA-11 in the footer (**Revised [****]**). The Revised [****] is hereby incorporated into the Purchase Agreement.

2.2 -Letter Agreement No. AAL-PA-3735-1106651R1, entitled “[****],” inclusive of Attachment A, is deleted in its entirety and replaced with the similarly titled Letter Agreement No. AAL-PA-3735-1106651R2, inclusive of a revised Attachment A (attached hereto) and referencing SA-11 in the footer (**Revised [****] Agreement**). The Revised [****] Agreement is hereby incorporated into the Purchase Agreement.

2.3 New Letter Agreement No. AAL-PA-3735-LA-2002704, entitled “[****]” and referencing SA-11 in the footer ([****] **Agreement**) is hereby incorporated into the Purchase Agreement.

2.4. New Letter Agreement No. AAL-PA-3735-LA-2002743, entitled “[****]” inclusive of Attachment A and referencing SA-11 in the footer ([****] **Agreement**) is hereby incorporated into the Purchase Agreement.

2.5 New Letter Agreement No. AAL-PA-03735-LA-2003342, entitled “[****],” and referencing SA-11 in the footer ([****] **Agreement**) is hereby incorporated into the Purchase Agreement.

3. Miscellaneous.

3.1 The Purchase Agreement is amended as set forth above by the revised Table Of Contents, Revised [****], Revised [****] Agreement, and the inclusion of the new letter agreements [****] Agreement, [****] Agreement, and [****] Agreement. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

3.2 References in the Purchase Agreement and any supplemental agreements and associated letter agreements to the tables, exhibits, supplemental exhibits and letter agreements listed in the left column of the below table shall be deemed to refer to the
PA 03735 SA-11, Page 2

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

corresponding revised versions of the tables, exhibits, supplemental exhibits and letter agreements listed in the right column of the below table.

<u>Reference</u>	<u>Replacement Reference</u>
Letter Agreement No. AAL-PA-3735- 1106650R3	Letter Agreement No. AAL-PA-3735- 1106650R4
Letter Agreement No. AAL-PA-3735- 1106651R1	Letter Agreement No. AAL-PA-3735- 1106651R2

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AGREED AND ACCEPTED this
October 9, 2020

Date

THE BOEING COMPANY

/s/ The Boeing Company

Signature

The Boeing Company

Printed name

Attorney-in-Fact

Title

AMERICAN AIRLINES, INC.

/s/ American Airlines, Inc.

Signature

American Airlines, Inc.

Printed name

VP, Treasurer

Title

PA 03735
SA-3

BOEING PROPRIETARY

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* - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.



The Boeing Company

P.O. Box 3707

Seattle, WA 98124-2207

AL-PA-03735-LA-1106650R4

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [****]

Reference: Purchase Agreement No. 03735 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to Model 737 MAX aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement.

The Purchase Agreement incorporates the terms and conditions of the AGTA. This Letter Agreement modifies certain terms and conditions of the AGTA and the Purchase Agreement with respect to the Aircraft.

1. [****].

[****]:

[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]

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[****] LA Page 1 of 6

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[****]	[****]	[****]
--------	--------	--------

2. [****]

[****].

3. [****].

3.1 [****].

3.2 [****].

4. [****].

4.1 Notwithstanding anything in Sections 1 through 3 above or the [****], Customer will [****] for the [****] of Supplemental Agreement No. 9, and [****]. The 2nd [****]. All [****].

4.2 Notwithstanding anything to the contrary in this Letter Agreement, [****].

5. [****].

5.1 [****], as defined in Letter Agreement AAL-PA-03735-LA-2002743, [****] ([****] **Letter**), and notwithstanding anything in Sections 1 through 3 above, or the [****] ([****]), Customer will [****] as follows:

5.1.2 Boeing acknowledges that Customer has previously [****] and Boeing will [****] (the [****]) [****] as defined in the following table in accordance with and subject to the terms and conditions of the Purchase Agreement:

[****]	[****]
[****] (Per Attachment A)	[****]
[****] (Per Attachment A)	[****]

5.2 For each [****] for which the [****] (as defined in the [****]) was [****], Customer will [****] a [****] to Boeing, at [****] ([****]) [****] to the [****] (as set forth in Attachment A), in the [****] of the [****] between [****] of the [****] ([****]) and the [****] Aircraft.

5.2.1 The [****] for each of the [****] Aircraft for which the applicable [****] was [****] will be based on the [****] (as defined in the [****]).

5.2.2 [****] 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 5 for the [****] Aircraft for which the applicable [****] was [****].

6. Confidentiality.

Customer understands and agrees that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Letter Agreement shall be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 entitled "Confidentiality".

7. Assignment.

7.1 Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer's becoming the operator of the Aircraft and cannot be assigned, in whole or in part, without the prior written consent of Boeing, except to the extent permissible under the terms of the AGTA.

7.2 [****].

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

(Intentionally Left Blank)

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[****] LA Page 3 of 6

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Very truly yours,

THE BOEING COMPANY

/s/ The Boeing Company

By: The Boeing Company

Its: Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: October 9, 2020

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Its: VP, Treasurer

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[****] LA Page 4 of 6

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[****]	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



The Boeing Company

P.O. Box 3707
Seattle, WA 98124-2207

AAL-PA-03735-LA-1106651R2

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [****]

Reference: Purchase Agreement No. 03735 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to Model 737 MAX aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement.

1. Right to Purchase [****].

Subject to the terms and conditions contained in this Letter Agreement, in addition to the Aircraft described in Table 1R5 and Table 1-2 to the Purchase Agreement as of the date of execution of this Letter Agreement, [****].

2. Delivery.

The number of [****] and the [****] is listed in Attachment A(R2) to this Letter Agreement. No later than [****] in each calendar year, Boeing will provide written notice setting forth [****] with a [****] in such calendar year. Such notice will constitute an amendment to Attachment A(R2).

3. Configuration.

3.1 Subject to the provisions of Section 3.2 below, the configuration for the [****] will be the Detail Specification for the Aircraft at the revision level in effect at the time of Limited Scope Supplemental Agreement (as defined in Section 7 below). Such Detail Specification will be revised to include:

- (i) [****],
- (ii) [****], and
- (iii) [****].

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[****] Page 1 of 4

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



3.2 Boeing reserves the right to [****] the [****] starting from a [****]; so long as Boeing can achieve the same configuration which would result pursuant to the provisions of Section 3.1.

4. Price.

4.1 The [****] Aircraft Basic Price for each of the [****] are identified in Attachment A(R2) to this Letter Agreement.

4.2 The [****] Aircraft Basic Price for each of the [****] shall be [****].

4.3 The Advance Payment Base Price shall be developed in accordance with the terms of the Purchase Agreement and determined at the time of Limited Scope Supplemental Agreement.

5. Payment.

5.1 [****].

5.2 [****].

5.3 [****].

6. [****]

Pursuant to that certain Letter Agreement AAL-LA-200271 entitled [****] (the [****] **Letter**), Boeing and Customer [****]. Attachment A(R2) of this Letter Agreement reflects the Delivery Description, Price and Advance Payment information for the current [****] (after the [****]). [****] have been [****] by [****] to [****] in accordance with the [****] Letter.

7. [****].

[****].

8. [****].

[****].

9. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer's becoming the operator of the Aircraft and cannot be assigned in whole or, in part, without the prior written consent of Boeing.

10. Confidential Treatment.

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[****] Page 2 of 4

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Letter Agreement shall be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 entitled "Confidentiality".

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[****] Page 3 of 4

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



Very truly yours,

THE BOEING COMPANY

/s/ The Boeing Company

By: The Boeing Company

Its: Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: October 9, 2020

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Its: VP, Treasurer

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[****] Page 4 of 4

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Attachment A(R1) To
Letter Agreement No. AAL-PA-0375-LA-1106651
737-8 [****] Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW 737-8 [****] pounds **Detail Specification:** [****]
Engine Model/Thrust: CFMLEAP-1B25 [****] pounds **Airframe Price Base Year/Escalation Formula:** [****] [****]
Airframe Price: \$[****] **Engine Price Base Year/Escalation Formula:**
Optional Features: __\$[****]
Sub-Total of Airframe and Features: \$[****] **Airframe Escalation Data:**
Engine Price (Per Aircraft): \$0 **Base Year Index (ECI):** [****]
Aircraft Basic Price (Excluding BFE/SPE): __\$[****] **Base Year Index (CPI):** [****]
Buyer Furnished Equipment (BFE) Estimate: \$[****]
Seller Purchased Equipment (SPE) Estimate: \$[****]
LIFT Seats Provided by Boeing (Estimate): \$[****]
Deposit per Aircraft: \$[****]

Delivery Date	Number of Aircraft	Escalation Factor(Airframe)		Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2023	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Attachment A(R1) To
Letter Agreement No. AAL-PA-0375-LA-1106651
737-8 [****] Delivery, Description, Price and Advance Payments**

[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2024	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Attachment A(R1) To
Letter Agreement No. AAL-PA-0375-LA-1106651
737-8 [****] Delivery, Description, Price and Advance Payments**

[****]-2024		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Attachment A(R1) To
Letter Agreement No. AAL-PA-0375-LA-1106651
737-8 [****] Delivery, Description, Price and Advance Payments**

[****]-2025		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2025		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]	Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]	No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Attachment A(R1) To
Letter Agreement No. AAL-PA-0375-LA-1106651
737-8 [****] Delivery, Description, Price and Advance Payments**

[****]-2026		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2026		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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AAL-PA-03735 108567-10.txt **Boeing Proprietary** Page 5

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Attachment A(R1) To
Letter Agreement No. AAL-PA-0375-LA-1106651
737-8 [****] Delivery, Description, Price and Advance Payments**

[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2027		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2028		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2028	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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AAL-PA-03735 108567-10.txt **Boeing Proprietary** Page 6

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Attachment A(R1) To
Letter Agreement No. AAL-PA-0375-LA-1106651
737-8 [****] Delivery, Description, Price and Advance Payments**

[****]-2028	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2028		[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2028		[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
Total: 42									

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AAL-PA-03735 108567-10.txt **Boeing Proprietary** Page 7

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



The Boeing Company

P.O. Box 3707
Seattle, WA 98124-2207

AAL-PA-03735-LA-2002704

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [****]

Reference: Purchase Agreement No. 03735 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to Model 737-8 MAX aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Aircraft.

1.1 Prior to the [****] of the Boeing Model 737 MAX aircraft (**737 MAX Aircraft**) by the [****] ([****]), Customer had [****] ([****]) of the Aircraft ([****]), listed in the following table:

[****] Aircraft MSN	Delivery Date
44459	9/28/2017
44463	10/30/2017
44465	12/4/2017
44446	12/22/2017
44447	2/20/2018
44451	3/7/2018
44448	3/26/2018
44455	5/11/2018
44449	5/18/2018
44450	6/6/2018
44452	6/28/2018
44453	7/12/2018
44454	8/23/2018
44456	8/31/2018
44457	9/21/2018

AAL-PA-03735-LA-2002704 SA-11
[****] Page 1 of 3

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



[****] Aircraft MSN	Delivery Date
44458	10/31/2018
44460	12/11/2018
44461	12/18/2018
44462	12/26/2018
44464	12/30/2018
44466	1/22/2019
44467	1/31/2019
44469	2/19/2019
44468	2/26/2019

1.2 [****] there are [****] ([****]) [****] that have been [****] that are [****] and [****] ([****]) [****] that is [****] ([****]). The [****] have Scheduled Delivery Months ranging from [****] 2019 through [****] 2019.

2. Boeing[****].

2.1 For the [****] Aircraft, Boeing will [****] of the standard Boeing [****] by the actual [****] of [****] of [****] from [****] and [****] through [****].

2.2 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 [****].

-3 [****]. _

3.1 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 [****] ([****]), [****] 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:

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[****]
[****] [****] [****]
[****] Note: For any [****]

3.2 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 [****].

3.3 The [****] will be [****] to [****] from Boeing. For purposes of this [****], [****].

5. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer becoming the operator of the Aircraft and cannot be assigned, in whole or in part, without the prior written consent of Boeing, except to the extent permissible under the terms of the AGTA.

6. Confidentiality.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Letter Agreement shall be subject to the terms and conditions of Letter Agreement No. AAL-PA- 03735-LA-1106670 entitled "Confidentiality".



Very truly yours,

THE BOEING COMPANY

/s/ The Boeing Company

By: The Boeing Company

Its: Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date : October 9, 2020

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Its: VP, Treasurer

AAL-PA-03735-LA-2002704 SA-11

[****] Page 4 of 3

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



The Boeing Company

P.O. Box 3707
Seattle, WA 98124-2207

AAL-PA-03735-LA-2002743

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [****]

Reference: Purchase Agreement No. PA-3735 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to Model 737-8 aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement will have the same meaning as in the Purchase Agreement.

The terms and conditions described in this Letter Agreement are applicable only to the aircraft described in Section 1 below.

1. [****]([****]) Aircraft.

1.1 Boeing and Customer will [****] ([****]) [****] ([****]) Aircraft ([****]) listed on Table 1R5 with Scheduled Delivery Months from [****] through [****] (each such Scheduled Delivery Month, an [****]) to the [****] described in Attachment A of this Agreement. Neither Party [****], [****].

1.2 Customer will [****] to, by the [****] (or if the [****]) of the [****] for each [****] as shown in Attachment A: (a) [****] Aircraft is no [****]; and (b) [****] Aircraft in substantially the form of Attachment B.

1.3 Boeing [****] and [****] for a [****] Aircraft prior to Customer or Boeing [****] for such [****] Aircraft. Neither Boeing nor 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 [****].

1.4 For Boeing or Customer to [****] for a [****] Aircraft, the Party that is [****] for a [****] Aircraft, must [****] ([****]) to the [****] within [****] ([****]) [****] after Boeing has [****] the [****] and the [****] ([****]).

1.5 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 A.

AAL-PA-03735-LA-2002743 SA-11

[****] Page 1 of 8

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



1.6 For the avoidance of doubt, while a [****] Aircraft [****] to the [****], the provisions of this Section 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.

1.7 With respect to each [****] Aircraft that has been [****] 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.

1.8 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 [****].

2. 2023/2024 Slide Aircraft Acceleration Rights.

[****] Aircraft [****], Customer may [****] an [****] for such [****] Aircraft subject to the following terms and conditions ([****]):

2.1 Customer [****] to Boeing of Customer's [****] ([****]) [****] to this [****] ([****]).

2.2 Customer's [****] of the [****] to the [****] is [****].

2.3 Within [****] of a [****], Boeing [****] 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 [****] Aircraft will [****] and [****].

2.4 All of Boeing's [****] will be [****] to [****] and [****] Customer [****] by the [****]; except that such [****] by [****] will be [****] if Customer [****] to [****] in accordance with paragraph 2.5 below, within [****] business days [****] Boeing has [****] to Customer a [****].

2.5 Boeing and Customer [****] 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 2.3 above; or (ii) Customer's [****] of [****] in accordance with sub-clause 2.3 above.

3. [****].

Boeing [****] that it is [****] Customer any [****] for [****] the [****] of the [****] Aircraft.

4. Scheduled Delivery Months.

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.

5. Delivery. [****].

4.1 The [****] and [****] for each of the [****] Aircraft will be [****] to the [****] Delivery Month. For the avoidance of doubt, Boeing [****] to [****] of the Aircraft [****] and [****] for the [****] Aircraft for the [****] of [****] the [****] Delivery Month and the [****] Delivery Month.

4.2 [****] the delivery of the [****] Aircraft [****] in the [****] Delivery Month, then [****] of the [****] the [****] Delivery Month to the [****] will be [****] in accordance with and subject to the terms and conditions of the Purchase Agreement ([****] if the Purchase Agreement [****] for [****] to the [****] of the [****] such as in the case of a [****]; for example in the [****] of a [****], the [****], will [****] be [****] due to the fact that the [****] Aircraft was [****] by Boeing to Customer in the [****]).

3.3. The [****] for the [****] Aircraft will [****] the [****] of the [****] in accordance with this Section.

6. Advance Payments.

6.1 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	[****]
[****](Per Attachment C)	[****]
[****](Per Attachment C)	[****]

(a) 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.

(b) 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.

6.2 [****] for the [****] Aircraft are [****] by Customer per Letter Agreement AAL- PA-03735-LA-1106650R4 ([****] **Letter Agreement**) entitled “[****]”. The [****] for the [****] Aircraft will be [****] per the Attachment A in the [****] Letter Agreement, taking into account the agreement of the parties as to the [****] as set forth in Section 4.1 of this Letter Agreement.

7. Confidentiality.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Letter Agreement shall be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 entitled “Confidentiality”.

8. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer’s becoming the operator of the Aircraft and cannot be assigned, in whole or in part, without the prior written consent of Boeing, except to the extent permissible under the terms of the AGTA.

(Intentionally Left Blank)

BOEING PROPRIETARY



Very truly yours,

THE BOEING COMPANY

/s/ The Boeing Company

By: The Boeing Company

Its: Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: October 9, 2020

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Its: VP, Treasurer

AAL-PA-03735-LA-2002743 SA-11

[****] Page 5 of 8

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



The Boeing Company

P.O. Box 3707
Seattle, WA 98124-2207

AAL-PA-03735-LA-2003342

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [****]

Reference: Purchase Agreement No. PA-03735 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to Model 737-8 aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement will have the same meaning as in the Purchase Agreement.

1. [****].

1.1 To support [****] for 737 MAX aircraft, Boeing shall [****] to Customer [****] (for the avoidance of doubt, Boeing will [****]) as part of the Customer [****] that Boeing [****] under the Supplemental Exhibit CS1, Customer Support Variables to the Purchase Agreement.

1.2 Specifically, and at [****] to Customer, Boeing [****] to Customer [****] ([****]) [****] of [****] on the [****] to Customer at the [****] in [****], [****] ([****]) that has Customer's [****] ([****]), over a [****] of [****] ([****]) [****] ([****]) during the [****] ([****]) set forth in Section 1.2.1. Additionally, Boeing [****] to Customer the [****] of [****] as may be [****] to each [****] to and [****] by Customer.

1.2.1 [****]

- a. A [****]: [****]
- b. B [****]: [****]
- c. C [****]: [****]
- d. D [****]: [****]

AAL-PA-03735-LA-2003342 SA-11
[****] Page 1 of 2

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



1.2.2 Boeing [****] the [****] to [****] the [****] during [****] by Customer; provided it [****] with [****] A, B, C, and D which are [****] to Customer.

1.2.3 If at any time during the [****] ([****]) [****], the [****] is [****] or is otherwise [****] at a time that Customer had [****] or [****] in [****] that it would [****] the [****], Boeing will [****] such [****] ([****]) [****] for the [****] of [****] to [****] the [****] of [****] that the [****] was either [****] or was [****] to Customer, and in order for Customer to be [****] the [****] ([****]) hours of [****].

1.2.4 [****]. The [****] will [****] be [****] on the [****] below and such [****] will [****] be [****] as part of the [****] ([****]) [****] period.

- a. [****]
- b. [****]
- c. [****]

1.3 Customer [****] their [****] ([****]) for the [****] and the Boeing [****] for Customer [****] to [****] and [****] the [****]. Boeing will [****] that Customer has [****] to the [****] to [****] Customer's [****] (but [****] ([****]) [****]) [****] the [****] has [****] the [****] for [****] aircraft.

2. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer's becoming the operator of the Aircraft and cannot be assigned in whole or, in part, without the prior written consent of Boeing.

3. Confidentiality.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Letter Agreement shall be subject to the terms and conditions of Letter Agreement No. AAL-PA- 03735-LA-1106670 entitled "Confidentiality".



ACCEPTED AND AGREED TO this

Date: October 9, 2020

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Name: American Airlines, Inc.

Title: VP, Treasurer

THE BOEING COMPANY

By: /s/ The Boeing Company

Name: The Boeing Company

Title: Attorney-In-Fact

AAL-PA-03735-LA-2003342 SA-11

[****] Page 2 of 2

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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.

SUPPLEMENTAL AGREEMENT NO. 12

to

Purchase Agreement No. 03735

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 12 (*SA-12*), entered into as of October 22, 2020 (*Effective Date*), by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington (*Boeing*) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (*Customer*);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (*Purchase Agreement*) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Customer has [****] to Boeing the [****] by [****], and the [****] for the [****] delivery in Table 1R5 ([****]);

WHEREAS, Customer has [****] to Boeing the [****] in an [****] to Boeing [****] for [****];

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

1. [****].

Customer and Boeing agree to [****] the [****] of [****] from [****] to [****] pursuant to the terms and conditions in Letter Agreement No. AAL-PA-03735-LA-2002743, entitled “[****]” ([****] Agreement).

PA 03735 SA-12, Page 1

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2. Table of Contents.

The “Table Of Contents” to the Purchase Agreement referencing SA-11 in the footer is deleted in its entirety and is replaced with the new “Table Of Contents” (attached hereto) referencing SA-12 in the footer to reflect changes made to the Purchase Agreement by this SA-12. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

3. Tables.

3.1 Table 1R5. Table 1R5, entitled “Base Weight 737-8 Aircraft Delivery, Description, Price, and Advance Payments” referencing SA-10 in the footer is deleted in its entirety and replaced with Table 1R6, entitled “737-8 Aircraft Delivery, Description, Price, and Advance Payments” (attached hereto) referencing SA-12 in the footer (**Table 1R6**). Table 1R6 is hereby incorporated into the Purchase Agreement in replacement of Table 1R5. [****].

3.2 Table 1-3. A new Table 1-3, entitled “[****] Aircraft Delivery, Description, Price, and Advance Payments” (attached hereto) referencing SA-12 in the footer (**Table 1-3**) is hereby incorporated into the Purchase Agreement. [****].

4. Miscellaneous.

4.1 The Purchase Agreement is amended as set forth above by the revised Table of Contents, Table 1R6, and new Table 1-3. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

4.2 References in the Purchase Agreement and any supplemental agreements and associated letter agreements “Table 1” or “Table 1R2” or “Table 1R3”, or “Table 1R4 and Table 1-2” or “Table 1(R4) and Table 1-2”, “Table 1R5 and Table 1-2” are deemed to refer to “Table 1R6, Table 1-2, and Table 1-3”. References in the Purchase Agreement and any supplemental agreements and associated letter agreements to “Table 1R4” or “Table 1R5” (where no corresponding reference to Table 1-2 is made) are deemed to refer to “Table 1R6”, including without limitation, and for the avoidance of doubt, the following references to Table 1R4 or Table 1R5 which are deemed to refer to only Table 1R6 (and not Table 1R6, Table 1-2, and Table 1-3):

4.2.1 References to Table 1R5 in Letter Agreement AAL-PA-LA-1106650R4 entitled “[****]”; and

4.2.2 References to Table 1R4 in Section 3 of Supplemental Agreement No. 9 dated April 6, 2018.

Additionally, for the avoidance of doubt, references in the Purchase Agreement and any supplemental agreements and associated letter agreements to “Table 1-2” (where no corresponding reference to Table 1R4 or Table 1R5 is made) remain references to “Table 1-2”.

Also, the references to Table 1R5 in the Slide Letter Agreement remain references to Table 1R5.

4.3 Upon the execution of this SA-12, Boeing will, pursuant to Section 6.1 of the [****] Agreement, [****] to Customer the [****] for the [****] in the [****] ([****]) as shown in the table below.

[****]	
[****]	[****]
[****]	[****]
[****]	[****]

Intentionally Left Blank

AGREED AND ACCEPTED this

October 22, 2020
Date

THE BOEING COMPANY

/s/ The Boeing Company

Signature

The Boeing Company

Printed name

Attorney-in-Fact

Title

AMERICAN AIRLINES, INC.

/s/ American Airlines, Inc.

Signature

American Airlines, Inc.

Printed name

VP, Treasurer

Title

PA 03735

SA-3

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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LA-1106656R1	[****]	1
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LA-1106663 R1	[****]	2
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LA-1106667	[****]	
LA-1106668R1	[****]	8
LA-1106669	[****]	
LA-1106670	Confidentiality	
LA-1106671R1	Miscellaneous Commitments	1
LA-1106672	[****]	
LA-1106673R1*	CS1 Special Matters	4
LA-1106677	Optional Features Comfort Letter	
LA-1600073	[****]	4
LA-1600852	[****]	5
LA-1603773	[****]	5
LA-1605402	[****]	6
LA-1700919	[****]	7
LA-1801206	[****]	9
LA-2002704	[****]	11
LA-2002743	[****]	11
LA-2003342	[****]	11

* - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.

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BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Table 1R6 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 737-8	[****] pounds	Detail Specification:	[****]
Engine Model/Thrust: CFMLEAP-1B25	[****] pounds	Airframe Price Base Year/Escalation Formula:	[****][****]
Airframe Price:	\$[****]	Engine Price Base Year/Escalation Formula:	
Optional Features:	\$[****]		
Sub-Total of Airframe and Features:	\$[****]	Airframe Escalation Data:	
Engine Price (Per Aircraft):	\$[****]	Base Year Index (ECI):	[****]
Aircraft Basic Price (Excluding BFE/SPE):	\$[****]	Base Year Index (CPI):	[****]
Buyer Furnished Equipment (BFE) Estimate:	\$[****]		
Seller Purchased Equipment (SPE) Estimate:	\$[****]		
LIFT Seats Provided by Boeing (Estimate):	\$[****]		
Deposit per Aircraft:	\$[****]		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	24 Mos. [****]	21/18/12/9/6 Mos. [****]	[****] [****]
[****]-2017	1	[****]	44459	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2017	1	[****]	44463	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2017	1	[****]	44465	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2017	1	[****]	44446	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44447	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44451	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44448	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44449	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44455	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44450	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44452	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44453	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44454	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

Boeing Proprietary

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Table 1R6 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments**

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	24 Mos. [****]	21/18/12/9/6 Mos. [****]	[****] [****]
[****]-2018	1	[****]	44456	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44457	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44458	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44460	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44461	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44462	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44464	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44466	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44467	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44468	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44469	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44471	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44470	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44472	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44473	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44474	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44476	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44475	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44477	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44479	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44478	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44481	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44480	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44482	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44483	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

Boeing Proprietary

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Table 1R6 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments**

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	24 Mos. [****]	21/18/12/9/6 Mos. [****]	[****] [****]
[****]-2019	1	[****]	44484	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44485	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

Total 59

Boeing Proprietary

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Table 1-3 To
Purchase Agreement No. PA-03735
737-8[****] Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 737-8	[****] pounds	Detail Specification:	[****]
Engine Model/Thrust: CFMLEAP-1B25	[****] pounds	Airframe Price Base Year/Escalation Formula:	[****] [****]
Airframe Price:	\$[****]	Engine Price Base Year/Escalation Formula:	
Optional Features:	\$[****]		
Sub-Total of Airframe and Features:	\$[****]	Airframe Escalation Data:	
Engine Price (Per Aircraft):	\$[****]	Base Year Index (ECI):	[****]
Aircraft Basic Price (Excluding BFE/SPE):	\$[****]	Base Year Index (CPI):	[****]
Buyer Furnished Equipment (BFE) Estimate:	\$[****]		
Seller Purchased Equipment (SPE) Estimate:	\$[****]		
LIFT Seats Provided by Boeing (Estimate):	\$[****]		
Deposit per Aircraft:	\$[****]		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing	[****]	[****]	Total
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

Total 1

Boeing Proprietary

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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.

SUPPLEMENTAL AGREEMENT NO. 13
to

Purchase Agreement No. 03735
between

THE BOEING COMPANY
and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 13 (**SA-13**), entered into as of November 17, 2020 (**Effective Date**), by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington (**Boeing**) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (**Customer**);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (**Purchase Agreement**) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Customer has [****] to Boeing the [****] by [****], and the [****] for the [****] delivery in Table 1R6 ([****]);

WHEREAS, Customer has [****] to Boeing the [****] in a [****] to [****] for [****];

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

1. [****].

Customer and Boeing agree to [****] the [****] of [****] from [****] to [****] pursuant to the terms and conditions in Letter Agreement No. AAL-PA-03735-LA-2002743, entitled "[****]" ([****] **Agreement**).

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BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2. Table of Contents.

The "Table Of Contents" to the Purchase Agreement referencing SA-12 in the footer is deleted in its entirety and is replaced with the new "Table Of Contents" (attached hereto) referencing SA-13 in the footer to reflect changes made to the Purchase Agreement by this SA-13. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

3. Tables.

3.1 Table 1R6. Table 1R6, entitled "Base Weight 737-8 Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-12 in the footer is deleted in its entirety and replaced with Table 1R7, entitled "737-8 Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-13 in the footer (**Table 1R7**). Table 1R7 is hereby incorporated into the Purchase Agreement in replacement of Table 1R6. [****].

3.2 Table 1-3. Table 1-3, entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-12 in the footer is deleted in its entirety and replaced with Table 1-3R1, entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-13 in the footer (**Table 1-3R1**). Table 1-3R1 is hereby incorporated into the Purchase Agreement in replacement of Table 1-3. [****].

4. Miscellaneous.

4.1 The Purchase Agreement is amended as set forth above by the revised Table of Contents, Table 1R7, and Table 1-3R1. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

4.2 References in the Purchase Agreement and any supplemental agreements and associated letter agreements "Table 1" or "Table 1R2" or "Table 1R3", or "Table 1R4 and Table 1-2" or "Table 1(R4) and Table 1-2", "Table 1R5 and Table 1-2", "Table 1R6, Table 1-2, and Table 1-3" are deemed to refer to "Table 1R7, Table 1-2, and Table 1-3R1". References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1R4", "Table 1R5", or "Table 1R6" (where no corresponding reference to Table 1-2 is made) are deemed to refer to "Table 1R7", including without limitation, and for the avoidance of doubt, the following references to Table 1R4, Table 1R5, or Table 1R6 which are deemed to refer to only Table 1R7 (and not Table 1R7, Table 1-2, and Table 1-3R1):

4.2.1 References to Table 1R5 in Letter Agreement AAL-PA-LA-1106650R4 entitled "[****]"; and

4.2.2 References to Table 1R4 in Section 3 of Supplemental Agreement No. 9 dated April 6, 2018.

Additionally, for the avoidance of doubt, references in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1-2" (where no corresponding reference to Table 1R4 or Table 1R5 is made) remain references to "Table 1-2".

Also, the references to Table 1R5 in the Slide Letter Agreement remain references to Table 1R5.

4.3 Upon the execution of this SA-13, Boeing will, pursuant to Section 6.1 of the [****] Agreement, [****] to Customer the [****] for the [****] in the [****] of ([****]) as shown in the table below.

[****]	
[****]	[****]
[****]	[****]
[****]	[****]

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AGREED AND ACCEPTED this

November 17, 2020

Date

THE BOEING COMPANY

AMERICAN AIRLINES, INC.

/s/ The Boeing Company

/s/ American Airlines, Inc.

Signature

Signature

The Boeing Company

American Airlines, Inc.

Printed name

Printed name

Attorney-in-Fact

VP, Treasurer

Title

Title

PA 03735

SA-3

BOEING PROPRIETARY

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1-3R1	[****]Aircraft Delivery, Description, Price, and Advance Payments	13

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AR1	Aircraft Configuration	6
A2	Revised Delivery Aircraft Configuration	9
B.	Aircraft Delivery Requirements and Responsibilities	
C.	Definitions	

SUPPLEMENTAL EXHIBITS

AE1.	[****]	
BFE1.	BFE Variables	
CS1R1.	Customer Support Variables	4
EE1.	[****]	
SLP1.	[****]	

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LA-1106649	[****]	
LA-1106650R4	[****]	11
LA-1106651R2	[****]	11
LA-1106652	Aircraft Model Substitution	
LA-1106654	AGTA Terms Revisions for MAX	
LA-1106655	Open Matters — 737 MAX Withdrawn	6
LA-1106656R1	[****]	1
LA-1106657R1	[****]	2
LA-1106663 R1	[****]	2
LA-1106664 R1	[****]	2

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LA-1106661R2	[****]	2
LA-1106667	[****]	
LA-1106668R1	[****]	8
LA-1106669	[****]	
LA-1106670	Confidentiality	
LA-1106671R1	Miscellaneous Commitments	1
LA-1106672	[****]	
LA-1106673R1*	CS1 Special Matters	4
LA-1106677	Optional Features Comfort Letter	
LA-1600073	[****]	4
LA-1600852	[****]	5
LA-1603773	[****]	5
LA-1605402	[****]	6
LA-1700919	[****]	7
LA-1801206	[****]	9
LA-2002704	[****]	11
LA-2002743	[****]	11
LA-2003342	[****]	11

* - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Table 1R7 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 737-8	[****] pounds	Detail Specification:	[****]
Engine Model/Thrust: CFMLEAP-1B25	[****] pounds	Airframe Price Base Year/Escalation Formula:	[****] [****]
Airframe Price:	\$[****]	Engine Price Base Year/Escalation Formula:	
Optional Features:	\$[****]		
Sub-Total of Airframe and Features:	\$[****]	Airframe Escalation Data:	
Engine Price (Per Aircraft):	\$[****]	Base Year Index (ECI):	[****]
Aircraft Basic Price (Excluding BFE/SPE):	\$[****]	Base Year Index (CPI):	[****]
Buyer Furnished Equipment (BFE) Estimate:	\$[****]		
Seller Purchased Equipment (SPE) Estimate:	\$[****]		
LIFT Seats Provided by Boeing (Estimate):	\$[****]		
Deposit per Aircraft:	\$[****]		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2017	1	[****]	44459	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2017	1	[****]	44463	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2017	1	[****]	44465	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2017	1	[****]	44446	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44447	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44451	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44448	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44449	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44455	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44450	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44452	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44453	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44454	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44456	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44457	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44458	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44460	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44461	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44462	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44464	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44466	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44467	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

SA-13

Table 1R7 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

[****]-2019	1	[****]	44468	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44469	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44471	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44470	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44472	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44473	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44474	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44476	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44475	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44477	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44479	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44478	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44481	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44480	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44482	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44483	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44484	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44485	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1	[****]		No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

Total 58

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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.

**Table 1-3R1 To
Purchase Agreement No. PA-03735
737-8 [****] Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 737-8	[****] pounds	Detail Specification:	[****]
Engine Model/Thrust: CFMLEAP-1B25	[****] pounds	Airframe Price Base Year/Escalation Formula:	[****] [****]
Airframe Price:	\$[****]	Engine Price Base Year/Escalation Formula:	
Optional Features:	\$[****]		
Sub-Total of Airframe and Features:	\$[****]	Airframe Escalation Data:	
Engine Price (Per Aircraft):	\$[****]	Base Year Index (ECI):	[****]
Aircraft Basic Price (Excluding BFE/SPE):	\$[****]	Base Year Index (CPI):	[****]
Buyer Furnished Equipment (BFE) Estimate:	\$[****]		
Seller Purchased Equipment (SPE) Estimate:	\$[****]		
LIFT Seats Provided by Boeing (Estimate):	\$[****]		
Deposit per Aircraft:	\$[****]		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****]	[****]	Total [****]
[****]-2023	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2023	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

Total 2

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.

SUPPLEMENTAL AGREEMENT NO. 14

to

Purchase Agreement No. 03735

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 14 (**SA-14**), entered into as of November 25, 2020 (**Effective Date**), by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington (**Boeing**) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (**Customer**);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (**Purchase Agreement**) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Customer has [****] and Boeing [****] Aircraft delivery a [****] on the Aircraft;

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

1. Table of Contents.

The "Table Of Contents" to the Purchase Agreement referencing SA-13 in the footer is deleted in its entirety and is replaced with the new "Table Of Contents" (attached hereto) referencing SA-14 in the footer to reflect changes made to the Purchase Agreement by this SA-14. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

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BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

2. Letter Agreement.

2.1 New Letter Agreement No. AAL-PA-03735-LA-2003486, entitled “[****]” and referencing SA-14 in the footer ([****]) is hereby incorporated into the Purchase Agreement.

3. Miscellaneous.

3.1 The Purchase Agreement is amended as set forth above by the revised Table Of Contents and the inclusion of the new letter agreement [****]. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

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BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

AGREED AND ACCEPTED this

November 25, 2020
Date

THE BOEING COMPANY

/s/ The Boeing Company

Signature

The Boeing Company

Printed name

Attorney-in-Fact

Title

AMERICAN AIRLINES, INC.

/s/ American Airlines, Inc.

Signature

American Airlines, Inc.

Printed name

VP, Treasurer

Title

PA 03735

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BOEING PROPRIETARY

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[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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LA-2002743	[****]	11
LA-2003342	[****]	11
LA-2003486	[****]	14

* - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.

PA 03735 SA-14



The Boeing Company

P.O. Box 3707
Seattle, WA 98124 2207

AAL-PA-03735-LA-2003486

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [****]

Reference: Purchase Agreement No. PA-03735 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to Model 737-8 aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement will have the same meaning as in the Purchase Agreement.

1. Introduction.

- 1.1 At Customer's [****], Boeing may [****] to Customer ([****]) on the Aircraft. The terms and conditions of this Letter Agreement will [****] has [****] Boeing's [****] on the Aircraft.
- 1.2 Customer [****] is [****] of the Aircraft [****], therefore the Aircraft [****] for delivery with such [****] on the Aircraft.

2. Customer [****].

- 2.1 Boeing may [****] Customer [****] on the Aircraft [****] Aircraft delivery to Customer.

3. Customer [****].

- 3.1 Customer [****] the Customer [****] to Boeing in [****] of Boeing's [****].
- 3.2 Customer [****] to Boeing's [****].
- 3.3 Customer [****] have the [****] on the Aircraft to [****] Customer [****].
- 3.4 Customer [****] that [****] of Customer [****] to Customer's [****].
- 3.5 Customer is [****] for [****], [****], [****], and [****] of Customer [****].

AAL-PA-03735-LA-2003486 **SA-13**
Loading of Customer Software Page 1 of 3

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

4. [****].

- 4.1 If Customer's [****] is [****] the [****] of the [****], then (a) Boeing will [****] be [****] to [****] to [****] Customer [****] and (b) Boeing will [****] Boeing [****], if applicable, [****] the Aircraft.
- 4.2 [****] of Customer [****] is [****] to a) [****] and b) [****], including Boeing's [****] to [****] the [****] of Customer [****] in the [****] as Aircraft delivery.

5. Additional Terms and Conditions.

- 5.1 Customer [****] Boeing's [****] and [****] to [****] Customer [****] the Aircraft.
- 5.2 Customer [****] is [****] for the [****] of [****] and [****] of [****] "[****]" of the AGTA and such [****] apply to the [****] of Customer [****].
- 5.3 The [****] of Customer [****] is a [****] under [****] of [****] of [****] "[****]" of the AGTA. However, Boeing [****] Customer pursuant to [****] and provisions of the Boeing [****] to the [****] to [****] Customer [****].
- 5.4 Boeing [****] for the Customer [****] and [****] of [****] of [****] "[****]" of the AGTA and [****] "[****]" of the AGTA [****] to the [****] of Customer [****].

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[****] Page 2 of 3

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



Very truly yours,

THE BOEING COMPANY

/s/ The Boeing Company
By The Boeing Company

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: November 25, 2020

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Name: American Airlines, Inc.

AAL-PA-03735-LA-2003486 SA-13

[****] Page 3 of 3

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

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.

SUPPLEMENTAL AGREEMENT NO. 15

to

Purchase Agreement No. 03735

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 15 (**SA-15**), entered into as of December 15, 2020 (**Effective Date**), by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington (**Boeing**) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (**Customer**);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (**Purchase Agreement**) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Customer has [****] to Boeing the [****] by [****], and the [****] for the [****] delivery in Table 1R7 ([****]);

WHEREAS, Customer has [****] to Boeing the [****] in a [****] to Boeing [****] for [****];

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

1. [****].

Customer and Boeing agree to [****] of [****] from [****] to [****] pursuant to the terms and conditions in Letter Agreement No. AAL-PA-03735-LA-2002743, entitled "[****]" ([****]).

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BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[US-DOCS\121096534.1]

2. Table of Contents.

The "Table Of Contents" to the Purchase Agreement referencing SA-14 in the footer is deleted in its entirety and is replaced with the new "Table Of Contents" (attached hereto) referencing SA-15 in the footer to reflect changes made to the Purchase Agreement by this SA-15. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

3. Tables.

3.1 Table 1R7. Table 1R7, entitled "Base Weight 737-8 Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-13 in the footer is deleted in its entirety and replaced with Table 1R8, entitled "737-8 Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-15 in the footer (**Table 1R8**). Table 1R8 is hereby incorporated into the Purchase Agreement in replacement of Table 1R7. [****].

3.2 Table 1-3R1. Table 1-3R1, entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-13 in the footer is deleted in its entirety and replaced with Table 1-3R2, entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-15 in the footer (**Table 1-3R2**). Table 1-3R2 is hereby incorporated into the Purchase Agreement in replacement of Table 1-3R1. [****].

4. Miscellaneous.

4.1 The Purchase Agreement is amended as set forth above by the revised Table of Contents, Table 1R8, and Table 1-3R2. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

4.2 References in the Purchase Agreement and any supplemental agreements and associated letter agreements "Table 1" or "Table 1R2" or "Table 1R3", or "Table 1R4 and Table 1-2" or "Table 1(R4) and Table 1-2", "Table 1R5 and Table 1-2", "Table 1R6, Table 1-2, and Table 1-3", "Table 1R7, Table 1-2, and Table 1-3R1" are deemed to refer to "Table 1R8, Table 1-2, and Table 1-3R2". References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1R4", "Table 1R5", "Table 1R6" or "Table 1R7" (where no corresponding reference to Table 1-2 is made) are deemed to refer to "Table 1R8", including without limitation, and for the avoidance of doubt, the following references to Table 1R4, Table 1R5, Table 1R6, or Table 1R7 which are deemed to refer to only Table 1R8 (and not Table 1R8, Table 1-2, and Table 1-3R2):

4.2.1 References to Table 1R5 in Letter Agreement AAL-PA-LA-1106650R4 entitled “[****]”; and

4.2.2 References to Table 1R4 in Section 3 of Supplemental Agreement No. 9 dated April 6, 2018.

Additionally, for the avoidance of doubt, references in the Purchase Agreement and any supplemental agreements and associated letter agreements to “Table 1-2” (where no corresponding reference to Table 1R4 or Table 1R5 is made) remain references to “Table 1-2”.

Also, the references to Table 1R5 in the Slide Letter Agreement remain references to Table 1R5.

4.3 Upon the execution of this SA-15, Boeing will, pursuant to Section 6.1 of the [****] Agreement, [****] to Customer the [****] for the [****] in the [****] of [****] ([****]) as shown in the tables below.

[****]	
[****]	[****]
[****]	[****]
[****]	[****]

[****]	
[****]	[****]
[****]	[****]
[****]	[****]

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AGREED AND ACCEPTED this

December 15, 2020

Date

THE BOEING COMPANY

/s/ The Boeing Company

Signature

The Boeing Company

Printed name

Attorney-in-Fact

Title

AMERICAN AIRLINES, INC.

/s/ American Airlines, Inc.

Signature

American Airlines, Inc.

Printed name

VP, Treasurer

Title

PA 03735 SA-3

||US-DOCS\121096534.1||

BOEING PROPRIETARY

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SUPPLEMENTAL EXHIBITS

AE1.	[****]	
BFE1.	BFE Variables	
CS1R1.	Customer Support Variables	4
EE1.	[****]	
SLP1.	[****]	

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LA-1106649	[****]	
LA-1106650R4	[****]	11
LA-1106651R2	[****]	11
LA-1106652	Aircraft Model Substitution	
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LA-1106655	Open Matters — 737 MAX Withdrawn	6
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LA-1106657R1	[****]	2
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LA-1106667	[****]	
LA-1106668R1	[****]	8
LA-1106669	[****]	
LA-1106670	Confidentiality	
LA-1106671R1	Miscellaneous Commitments	1
LA-1106672	[****]	
LA-1106673R1*	CS1 Special Matters	4
LA-1106677	Optional Features Comfort Letter	
LA-1600073	[****]	4
LA-1600852	[****]	5
LA-1603773	[****]	5
LA-1605402	[****]	6
LA-1700919	[****]	7
LA-1801206	[****]	9
LA-2002704	[****]	11
LA-2002743	[****]	11
LA-2003342	[****]	11
LA-2003486	[****]	14

* - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**Table 1R8 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW 737-8 [****] pounds **Detail Specification:** [****]
Engine Model/Thrust: CFMLEAP-1B25 [****] pounds **Airframe Price Base Year/Escalation Formula:** [****] [****]
Airframe Price: \$[****] **Engine Price Base Year/Escalation Formula:**
Optional Features: \$[****]
Sub-Total of Airframe and Features: \$[****] **Airframe Escalation Data:**
Engine Price (Per Aircraft): \$[****] **Base Year Index (ECI):** [****]
Aircraft Basic Price (Excluding BFE/SPE): \$[****] **Base Year Index (CPI):** [****]
Buyer Furnished Equipment (BFE) Estimate: \$[****]
Seller Purchased Equipment (SPE) Estimate: \$[****]
LIFT Seats Provided by Boeing (Estimate): \$[****]
Deposit per Aircraft: \$[****]

Delivery Date	Number of Aircraft		Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2017	1	[****]	44459	N/A	\$[****]	\$[****]	\$[****]	[****]	[****]
[****]-2017	1	[****]	44463	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2017	1	[****]	44465	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2017	1	[****]	44446	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44447	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44451	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44448	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44449	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44455	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44450	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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**Table 1R8 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments**

Delivery Date	Number of Aircraft		Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
[****]-2018	1	[****]	44452	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44453	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44454	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44456	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44457	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44458	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44460	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44461	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44462	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2018	1	[****]	44464	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44466	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44467	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44468	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44469	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44471	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44470	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44472	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44473	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44474	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44476	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44475	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44477	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44479	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

[US-DOCS\121096534.1]

Table 1R8 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft		Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
[****]-2019	1	[****]	44478	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44481	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44480	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44482	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1	[****]	44483	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1		44484	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2019	1		44485	N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1			N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1			N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1			N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1			N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1			N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1			N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2020	1			N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1			N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1			No	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1			Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1			Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2021	1			Yes	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

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[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

Table 1R8 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft		Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
[***]-2021	1			Yes	\$[***]	\$[***]	\$[***]	\$[***]	\$[***]
[***]-2021	1			Yes	\$[***]	\$[***]	\$[***]	\$[***]	\$[***]
[***]-2021	1			Yes	\$[***]	\$[***]	\$[***]	\$[***]	\$[***]
[***]-2021	1			Yes	\$[***]	\$[***]	\$[***]	\$[***]	\$[***]
[***]-2021	1			No	\$[***]	\$[***]	\$[***]	\$[***]	\$[***]

Total 56

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[***]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

[US-DOCS\121096534.1]

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.

**Table 1-3R2 To
Purchase Agreement No. PA-03735
[****] Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 737-8	[****] pounds	Detail Specification:	[****]
Engine Model/Thrust: CFMLEAP-1B25	[****] pounds	Airframe Price Base Year/Escalation Formula:	[****] [****]
Airframe Price:	\$[****]	Engine Price Base Year/Escalation Formula:	
Optional Features:	\$[****]		
Sub-Total of Airframe and Features:	\$[****]	Airframe Escalation Data:	
Engine Price (Per Aircraft):	\$[****]	Base Year Index (ECI):	[****]
Aircraft Basic Price (Excluding BFE/SPE):	\$[****]	Base Year Index (CPI):	[****]
Buyer Furnished Equipment (BFE) Estimate:	\$[****]		
Seller Purchased Equipment (SPE) Estimate:	\$[****]		
LIFT Seats Provided by Boeing (Estimate):	\$[****]		
Deposit per Aircraft:	\$[****]		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****]	[****]	Total [****]
[****]-2023	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2023	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2023	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
[****]-2023	1	[****]		N/A	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

Total 4

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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.



The Boeing Company

P.O. Box 3707
Seattle, WA 98124 2207

AAL-LA-2004294

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas
75261-9616

Subject: Amendment 1 to [****] Agreement Number AAL-LA-2002714

This agreement (**Amendment 1**), between American Airlines, Inc. (**Customer**) and The Boeing Company (**Boeing**), supplements and amends in part, the agreement number AAL-LA-2002714 executed by Boeing and Customer on September 4, 2020, relating to [****] (as defined therein) ([****] **Agreement**). All capitalized terms used and not defined herein have the same meaning as in the [****] Agreement.

In recognition of [****] in the Boeing [****] to Customer, and the [****] on Customer's [****] ([****]), Boeing and Customer agree that it is [****] to amend certain terms and provisions of the [****] Agreement.

In consideration of the [****] contained herein, Customer and Boeing agree to amend the [****] Agreement via this Amendment 1 as follows:

Notwithstanding Section [****] and other provisions of the [****] agreement, Boeing [****], [****], [****] to Customer [****] in the [****] of [****] [****] ([****]) from Customer [****] on the following [****] Aircraft:

[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]

For the sake of clarity, Boeing's [****] of [****] to Customer as described in this Amendment 1 are [****]. If Boeing [****] an [****] to [****] ([****]) of the [****] for the

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[****], [****], and/or [****] Aircraft [****] from [****] the [****] of [****] Aircraft per the terms of the Section [****] of the [****] Agreement, then (i) the [****] in the [****]

described above for the [****] ([****]) and [****] ([****]) [****] Aircraft, shall [****] the [****] for the [****] and [****] Aircraft under clause (i) of Section [****] of the [****] Agreement, and (ii) the [****] in the [****] described above for the [****] ([****]) [****] Aircraft, shall [****] ([****]) of the [****] for the [****] Aircraft under clause (i) of Section [****] of the [****] Agreement.

In January 2021, the [****] for the [****] ([****]) [****] Aircraft will [****] be [****] to Customer as described in Section [****] of the [****] Agreement. Customer and Boeing further agree that such [****] will be [****] at [****] of the [****] ([****]) Aircraft.

Except as expressly modified by the terms of this Amendment 1, all terms and conditions of the [****] Agreement remain unchanged and in full force and effect.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Amendment 1 will be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 entitled "Confidentiality".

ACCEPTED AND AGREED TO

THE BOEING COMPANY

By: /s/ The Boeing Company
Title: Attorney-in-Fact
Date: December 31, 2020

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Title: VP, Treasurer
Date: December 31, 2020

BOEING PROPRIETARY

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

**American Airlines Group Inc.
Subsidiaries of the Registrant
As of December 31, 2020**

Subsidiary companies of American Airlines Group Inc. are listed below. With respect to the companies named, all voting securities are owned directly or indirectly by the Registrant, except where otherwise indicated.

Name of Subsidiary	State or Sovereign Power of Incorporation
Subsidiaries included in the Registrant's consolidated financial statements	
AAG Private Placement-1 Parent LLC	Delaware
AAG Private Placement-1 LLC	Delaware
American Airlines, Inc.	Delaware
American Airlines Cargo Funding, LLC	Delaware
American Airlines de Mexico, S.A.	Mexico
American Airlines Marketing Services LLC	Virginia
American Aviation Supply LLC	Delaware
American Airlines Travel LLC	Texas
2013-B, LLC	Delaware
Texas Aero Engine Services, L.L.C.*	Delaware
Americas Ground Services, Inc.	Delaware
Dominicana de Servicios Aeroportuarios (DSA) S.R.L.	Dominican Republic
International Ground Services, S.A. de C.V.	Mexico
Avion Assurance, Ltd.	Bermuda
Envoy Aviation Group Inc.	Delaware
Eagle Aviation Services, Inc.	Delaware
Envoy Air Inc. (operates under the trade name "American Eagle")	Delaware
Executive Airlines, Inc.	Delaware
FLAAG 2017-1 OPP LLC	Delaware
FLAAG 2017-1 OP-a LLC	Delaware
FLAAG 2017-1 OP-b LLC	Delaware
FLAAG 2019-1 OPP LLC	Delaware
FLAAG 2019-1 OP-a LLC	Delaware
FLAAG 2019-1 OP-b LLC	Delaware
FLAAG 2019-1 OP-c LLC	Delaware
J-CRJ900 LLC	Delaware
Piedmont Airlines, Inc. (operates under the trade name "American Eagle")	Maryland
PMA Investment Subsidiary, Inc.	Delaware
PSA Airlines, Inc. (operates under the trade name "American Eagle")	Pennsylvania

*Entity with 50% or less ownership.

Consent of Independent Registered Public Accounting Firm

The Board of Directors American Airlines Group Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-192719 and No. 333-192660) on Form S-8 and (No.333-236503) on Form S-3 of American Airlines Group Inc. of our reports dated February 17, 2021, with respect to the consolidated balance sheets of American Airlines Group Inc. as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholders' equity (deficit) for each of the years in the three-year period ended December 31, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 annual report on Form 10-K of American Airlines Group Inc.

/s/ KPMG LLP

Dallas, Texas February 17, 2021

Consent of Independent Registered Public Accounting Firm

The Board of Directors American Airlines, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-236503) on Form S-3 of American Airlines, Inc. of our reports dated February 17, 2021, with respect to the consolidated balance sheets of American Airlines, Inc. as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholder's equity for each of the years in the three-year period ended December 31, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 annual report on Form 10-K of American Airlines, Inc.

/s/ KPMG LLP

Dallas, Texas February 17, 2021

CEO CERTIFICATION

I, W. Douglas Parker, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Airlines Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2021

/s/ W. Douglas Parker

Name: W. Douglas Parker

Title: Chief Executive Officer

CFO CERTIFICATION

I, Derek J. Kerr, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Airlines Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2021

/s/ Derek J. Kerr

Name: Derek J. Kerr

Title: Executive Vice President and
Chief Financial Officer

CEO CERTIFICATION

I, W. Douglas Parker, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Airlines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2021

/s/ W. Douglas Parker

Name: W. Douglas Parker

Title: Chief Executive Officer

CFO CERTIFICATION

I, Derek J. Kerr, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Airlines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2021

/s/ Derek J. Kerr

Name: Derek J. Kerr

Title: Executive Vice President and
Chief Financial Officer

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of American Airlines Group Inc. (the "Company") for the year ended December 31, 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: February 17, 2021

/s/ Derek J. Kerr

Name: Derek J. Kerr

Title: Executive Vice President and Chief Financial Officer

Date: February 17, 2021

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.

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of American Airlines, Inc. (the "Company") for the year ended December 31, 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: February 17, 2021

/s/ Derek J. Kerr

Name: Derek J. Kerr

Title: Executive Vice President and Chief Financial Officer

Date: February 17, 2021

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.