

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

FORM S-1

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

AMERICAN AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

4512
(Primary Standard Industrial Classification Code Number)

13-1502798
(I.R.S. Employer Identification Number)

**4333 Amon Carter Blvd.
Fort Worth, Texas 76155
(817) 963-1234**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Gary F. Kennedy, Esq.
Senior Vice President, General Counsel
and Chief Compliance Officer
American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, Texas 76155
(817) 963-1234**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:
**John T. Curry, III, Esq.
Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
(212) 909-6000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of	Amount to be	Proposed Maximum Offering Price	Proposed Maximum Aggregate	Amount of
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Securities to be Registered	Registered	Per Unit(1)	Offering Price	Registration Fee(2)
13.0% 2009-2 Secured Notes due 2016	\$276,400,000	100%	\$276,400,000	\$15,424

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) promulgated under the Securities Act.
- (2) The registration fee has been calculated under Rule 457(f)(2) of the Securities Act.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not complete this exchange offer or issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 3, 2009

PROSPECTUS



American Airlines, Inc.

Offer to Exchange

**\$276,400,000 Outstanding 13.0% 2009-2 Secured Notes due 2016 for
\$276,400,000 Registered 13.0% 2009-2 Secured Notes due 2016**

American Airlines, Inc., is offering to exchange the Old Notes, as defined in this prospectus, for a like principal amount of New Notes, as defined in this prospectus.

The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that the New Notes are registered under the Securities Act of 1933, as amended, and the transfer restrictions and registration rights relating to the Old Notes will not apply to the New Notes, and except for certain related differences described in this prospectus.

No public market currently exists for the Old Notes or the New Notes.

The exchange offer will expire at , New York City time, on , 2009 (the "Expiration Date") unless we extend the Expiration Date. You should read the section called "The Exchange Offer" for further information on how to exchange your Old Notes for New Notes.

See "Risk Factors" beginning on page 14 for a discussion of risk factors that you should consider prior to tendering your Old Notes in the exchange offer and risk factors related to ownership of the Notes.

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 90 days after the Expiration Date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2009.

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This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge to you upon written or oral request. If you would like a copy of any of this information, please submit your request to American Airlines, Inc., 4333 Amon Carter Boulevard, Mail Drop 5651, Fort Worth, Texas 76155, Attention: Investor Relations (Telephone: 817-967-2970).

In order to obtain timely delivery of any information that you request, you must submit your request no later than , 2009, which is five business days before the date the exchange offer is scheduled to expire.

You should rely only on the information contained in this prospectus and the documents incorporated by reference in this prospectus or to which we have referred you. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus or any document incorporated herein by reference is accurate as of any date other than the date of this prospectus or the date of such other document, as the case may be. Also, you should not assume that there has been no change in the affairs of American since the date of this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain various “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “*Securities Act*”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), which represent American’s expectations or beliefs concerning future events. When used in this prospectus and in documents incorporated by reference, the words “expects,” “plans,” “anticipates,” “indicates,” “believes,” “forecast,” “guidance,” “outlook,” “may,” “will,” “should,” “seeks,” “targets” and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe our objectives, plans or goals are forward-looking statements. Forward-looking statements include, without limitation, our expectations concerning operations and financial conditions, including changes in capacity, revenues, and costs; future financing plans and needs; the amounts of our unencumbered assets and other sources of liquidity; fleet plans; overall economic and industry conditions; plans and objectives for future operations; regulatory approvals and actions, including our application for antitrust immunity with other oneworld alliance members; and the impact on us of our results of operations in recent years and the sufficiency of our financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this prospectus and the documents incorporated by reference herein and therein are based upon information available to us on the date of this prospectus or such document. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Guidance given in this prospectus and the documents incorporated by reference herein and therein regarding capacity, fuel consumption, fuel prices, fuel hedging and unit costs, and statements regarding expectations of regulatory approval of our application for antitrust immunity with other oneworld members, are forward-looking statements.

Forward-looking statements are subject to a number of factors that could cause our actual results to differ materially from our expectations. The following factors, in addition to those discussed under the caption “Risk Factors” in this prospectus and other possible factors not listed, could cause our actual results to differ materially from those expressed in forward-looking statements: our materially weakened financial condition, resulting from our significant losses in recent years; weaker demand for air travel and lower investment asset returns resulting from the severe global economic downturn; our need to raise substantial additional funds and our ability to do so on acceptable terms; our ability to generate additional revenues and reduce our costs; continued high and volatile fuel prices and further increases in the price of fuel, and the availability of fuel; our substantial indebtedness and other obligations; our ability to satisfy existing financial or other covenants in certain of our credit agreements; changes in economic and other conditions beyond our control, and the volatile results of our operations; the fiercely and increasingly competitive business environment we face; potential industry consolidation and alliance changes; competition with reorganized carriers; low fare levels by historical standards and our reduced pricing power; changes in our corporate or business strategy; government regulation of our business; conflicts overseas or terrorist attacks; uncertainties with respect to our international operations; outbreaks of a disease (such as SARS, avian flu or the H1N1 virus) that affects travel behavior; labor costs that are higher than those of our competitors; uncertainties with respect to our relationships with unionized and other employee work groups; increased insurance costs and

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potential reductions of available insurance coverage; our ability to retain key management personnel; potential failures or disruptions of our computer, communications or other technology systems; losses and adverse publicity resulting from any accident involving our aircraft; changes in the price of AMR's common stock; and our ability to reach acceptable agreements with third parties. Additional information concerning these and other factors is contained in our and AMR's filings with the Securities and Exchange Commission (the "SEC"), including but not limited to our and AMR's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009 and our and AMR's Annual Reports on Form 10-K for the year ended December 31, 2008 (and, in the case of AMR, as updated by AMR's Current Report on Form 8-K filed on April 21, 2009).

PROSPECTUS SUMMARY

This summary highlights basic information about us and this exchange offer. Because it is a summary, it does not contain all of the information that you should consider before tendering your Old Notes in the Exchange Offer. You should read this entire prospectus carefully, including the section entitled "Risk Factors" in this prospectus, as well as the materials filed with the SEC that are considered to be a part of this prospectus before making an investment decision. See "Where You Can Find More Information" in this prospectus. We have given certain capitalized terms specific meanings for purposes of this prospectus. The "Index of Terms" attached as Appendix I to this prospectus lists the page in this prospectus on which we have defined each such term. Unless otherwise indicated, "we," "us," "our" and similar terms, as well as references to "American" or the "Company," refer to American Airlines, Inc. The term "you" or the "Noteholders" refers to holders of the Notes.

American Airlines, Inc.

American, the principal subsidiary of AMR Corporation ("AMR"), was founded in 1934. All of American's common stock is owned by AMR. At the end of 2008, American provided scheduled jet service to approximately 150 destinations throughout North America, the Caribbean, Latin America, Europe and Asia.

In addition, American has capacity purchase agreements with AMR Eagle and an independently owned regional airline, which does business as the "AmericanConnection" (the "AmericanConnection® carrier"). The AMR Eagle and AmericanConnection® carrier provide connecting service from ten of American's high-traffic cities to smaller markets throughout the United States, Canada, Mexico and the Caribbean.

American, AMR Eagle, and the AmericanConnection® airlines serve 250 cities in 40 countries with, on average, more than 3,400 daily flights. The combined network fleet numbers approximately 900 aircraft. American is also a founding member of oneworld® Alliance, which enables member airlines to offer its customers more services and benefits than any member airline can provide individually. These services include a broader route network, opportunities to earn and redeem frequent flyer miles across the combined oneworld network and more airport lounges. Together, oneworld members serve nearly 700 destinations in over 150 countries, with 8,500 daily departures. American is also one of the largest scheduled air freight carriers in the world, providing a wide range of freight and mail services to shippers throughout its system onboard American's passenger fleet.

The postal address for American's principal executive offices is 4333 Amon Carter Boulevard, Fort Worth, Texas 76155 (Telephone: 817-963-1234). American's Internet address is <http://www.aa.com>. Information on American's website is not incorporated into this prospectus and is not a part of this prospectus.

Summary of Transaction

The Aircraft are currently subject to the liens of separate indentures (the "1999-1 Indentures") as part of an enhanced equipment trust certificate transaction entered into by American in 1999 (the "1999-1 EETC"). Final distributions on the equipment notes in the 1999-1 EETC are scheduled to be made on October 15, 2009 (the "1999-1 Maturity Date"), and the aggregate amount of principal scheduled to be paid under the 1999-1 EETC on the 1999-1 Maturity Date is \$401,494,000, of which \$313,130,404.20 relates to the Aircraft. American deposited the entire proceeds from the sale of the Old Notes with the Trustee under the Indenture and Security Agreement dated July 31, 2009 (the "Indenture") between American and U.S. Bank Trust National Association, as trustee (the "Trustee") to be held by the Trustee as cash collateral (the "Cash Collateral") for American's obligations under the Notes. On and subject to the terms and conditions of the Indenture, following the payment in full of the equipment notes issued under the 1999-1 EETC and the release of the liens of the 1999-1 Indentures on each of the Aircraft, American has agreed to subject the Aircraft to the lien of an Aircraft Security Agreement (the "Aircraft Security Agreement") to be entered into among American, the Trustee and U.S. Bank Trust National Association, as security agent (the "Security Agent"), on or prior to November 15, 2009 (the "Cut-Off Date"). Upon the subjection of an Aircraft to the lien of the Aircraft Security Agreement, an amount of the Cash Collateral equal to the "Allocable Portion" (as described herein) of the Notes attributable to such Aircraft will be released to American so long as no Event of Default shall have occurred and be continuing.

If fewer than all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement for any reason on or prior to the Cut-Off Date, on January 5, 2010 (the "*Cut-Off Redemption Date*"), American will be required to redeem the Allocable Portion of the Notes attributable to each such Aircraft not subjected to the lien of the Aircraft Security Agreement. The redemption price will be the Allocable Portion of the Notes attributable to each such Aircraft, together with accrued and unpaid interest on such Allocable Portion, and the Make-Whole Amount (if any) with respect to such Allocable Portion. Notwithstanding the foregoing, no Make-Whole Amount will be payable in the case of a redemption because of the occurrence of an event that would constitute an "Event of Loss" under the applicable 1999-1 Indenture, whether or not such 1999-1 Indenture is in full force or effect (each such event, a "*1999-1 Event of Loss*") with respect to such Aircraft (or an event that would constitute such a 1999-1 Event of Loss but for the requirement that notice be given or time elapse or both). Upon any such partial redemption with respect to an Aircraft, the amount of the Cash Collateral equal to the Allocable Portion of the Notes attributable to such Aircraft will be released to American so long as no Event of Default shall have occurred and be continuing, and the obligation of American thereafter to make the scheduled interest and principal payments with respect to such Allocable Portion of the Notes will cease.

The investment earnings on all Cash Collateral shall be paid over to American on the last day on which any Cash Collateral with respect to the Allocable Portion of the Notes attributable to any Aircraft is released to American. The amount of Cash Collateral with respect to the Allocable Portion of the Notes attributable to each Aircraft to be released in connection with the subjection of such Aircraft to the lien of the Aircraft Security Agreement or in connection with a partial redemption as discussed in the preceding paragraph is set forth under "— The Aircraft" in this prospectus summary. American will use any Cash Collateral and any investment earnings thereon released to it to reimburse itself in part for the repayment of the equipment notes issued under the 1999-1 EETC.

Summary of Terms of Notes

Principal amount	\$276,400,000
Initial loan to Aircraft value ratio (cumulative)(1)(2)	65.0%
Expected maximum loan to Aircraft value ratio (cumulative)(2)	65.0%
Expected principal distribution window (in years from Issuance Date)	0.5-7.0
Initial average life (in years from Issuance Date)	4.3
Payment Dates	February 1 and August 1
Scheduled Maturity Date	August 1, 2016
Section 1110 protection(3)	Yes

-
- (1) This percentage is calculated as of the Cut-Off Date and assumes that all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement as of such date. In calculating this percentage, we have assumed that the aggregate appraised value of the Aircraft is \$425,233,333 as of such date. The appraisal value is only an estimate and reflects certain assumptions. See “Description of the Aircraft and the Appraisals — The Appraisals.”
- (2) See “Loan to Aircraft Value Ratios of Notes” in this prospectus summary for the method and assumptions we used in calculating the loan to Aircraft value ratios and a discussion of certain ways that such loan to Aircraft value ratios could change.
- (3) American deposited the entire proceeds from the sale of the Old Notes with the Trustee to be held as Cash Collateral for American’s obligations under the Notes until the date on which American has repaid the 1999-1 EETC with respect to each Aircraft and subjected each such Aircraft to the lien of the Aircraft Security Agreement. There will be Section 1110 protection with respect to any Aircraft subjected to the lien of the Aircraft Security Agreement but not with respect to the Cash Collateral. See “Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Payment on the Notes and the ability to exercise remedies with respect to certain collateral may be restricted in the case of a bankruptcy of American.”

The Aircraft

The Notes are expected to be secured by a lien on each of 12 Boeing aircraft, consisting of nine Boeing 737-823 aircraft, one Boeing 767-323ER aircraft and two Boeing 777-223ER aircraft delivered new to American from May 1999 to September 1999 (each, an “Aircraft” and, collectively, the “Aircraft”). All of the Aircraft are being operated by American. See “Description of the Aircraft and the Appraisals” for a description of each Aircraft.

On and subject to the terms and conditions of the Indenture, American has agreed to enter into a secured debt financing with respect to each Aircraft on or prior to the Cut-Off Date. Set forth below is certain information about the Aircraft expected to secure the Notes:

<u>Aircraft Type</u>	<u>Registration Number</u>	<u>Manufacturer’s Serial Number</u>	<u>Delivery Date</u>	<u>Allocable Portion of the Notes on the Cut-Off Date(1)</u>	<u>Appraised Value(2)</u>
Boeing 737-823	N909AN	29511	5/19/1999	\$ 17,069,000	\$ 26,260,000
Boeing 737-823	N910AN	29512	5/26/1999	17,069,000	26,260,000
Boeing 737-823	N912AN	29513	6/25/1999	17,153,000	26,390,000
Boeing 737-823	N914AN	29515	7/19/1999	17,238,000	26,520,000
Boeing 737-823	N915AN	29516	7/28/1999	17,238,000	26,520,000
Boeing 737-823	N916AN	29517	8/6/1999	17,316,000	26,640,000
Boeing 737-823	N917AN	29518	8/27/1999	17,316,000	26,640,000
Boeing 737-823	N918AN	29519	9/10/1999	17,400,000	26,770,000
Boeing 737-823	N919AN	29520	9/15/1999	17,400,000	26,770,000
Boeing 767-323ER	N399AN	29606	5/28/1999	26,097,000	40,150,000
Boeing 777-223ER	N778AN	29587	6/21/1999	47,552,000	73,156,667
Boeing 777-223ER	N779AN	29955	6/27/1999	47,552,000	73,156,667
Total				\$ 276,400,000	\$ 425,233,333

- (1) The Allocable Portion of the Notes on the Cut-Off Date set forth above with respect to each Aircraft represents the portion of the principal amount of the Notes attributable to such Aircraft as of such date. The Allocable Portion of the Notes with respect to each Aircraft will not change from the amount set forth above during the period from the Issuance Date to the first Payment Date unless any Allocable Portion of the Notes is redeemed as set forth under “Description of the Notes — Redemption.”
- (2) The appraised value of each Aircraft set forth above is the lesser of the average and median appraised value of such Aircraft as appraised by three independent appraisal and consulting firms. Such appraisals indicate appraised current market value of such Aircraft at or around the time of such appraisals. The appraisers based their appraisals on varying assumptions (which may not reflect accurately current market conditions) and methodologies. See “Description of the Aircraft and the Appraisals — The Appraisals.” An appraisal is only an estimate of value and you should not rely on any appraisal as a measure of realizable value. See “Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Appraisals should not be relied upon as a measure of realizable value of the Aircraft.”

Loan to Aircraft Value Ratios

The following table provides loan to Aircraft value ratios (“LTVs”) for the Notes as of the Cut-Off Date and each Payment Date, assuming that all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date. See “— Summary of Transaction and Use of Proceeds” in this prospectus summary. The table is not a forecast or prediction of expected or likely LTVs, but simply a mathematical calculation based upon one set of assumptions. See “Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Appraisals should not be relied upon as a measure of realizable value of the Aircraft.”

We compiled the following table on an aggregate basis. The Notes are issued pursuant to the Indenture, and all of the Aircraft, subject to the terms and conditions of the Indenture, are expected to be subjected to the lien of the Aircraft Security Agreement as security for American’s obligations on the Notes issued under the Indenture. This means that all proceeds realized from the sale of any Aircraft or other exercise of default remedies will be available to cover any shortfalls on the Notes. The relevant LTVs in a default situation for the Notes would depend on various factors, including the extent to which the debtor or trustee in bankruptcy agrees to perform American’s obligations under the Indenture and the Aircraft Security Agreement. Therefore, the following LTVs are presented for illustrative purpose only.

Date	Aggregate Assumed Aircraft Value(1)	Principal Balance(2)	LTV%(3)
Cut-Off Date	\$425,233,333	\$276,400,000	65.0%
February 1, 2010	416,121,190	257,994,870	62.0
August 1, 2010	407,009,048	240,135,070	59.0
February 1, 2011	397,896,905	222,821,999	56.0
August 1, 2011	388,784,762	206,055,656	53.0
February 1, 2012	379,672,619	189,836,042	50.0
August 1, 2012	370,560,476	174,163,156	47.0
February 1, 2013	361,448,333	159,036,999	44.0
August 1, 2013	352,336,190	144,457,570	41.0
February 1, 2014	343,224,048	130,424,870	38.0
August 1, 2014	334,111,905	116,938,898	35.0
February 1, 2015	321,962,381	103,027,693	32.0
August 1, 2015	309,812,857	89,845,460	29.0
February 1, 2016	297,663,333	77,392,198	26.0
August 1, 2016	285,513,810	—	0.0

- (1) In calculating the aggregate Assumed Aircraft Value, we assumed that the appraised value of each Aircraft determined as described under “Description of the Aircraft and the Appraisals” declines in accordance with the Depreciation Assumption described under “Description of the Notes — Loan to Value Ratios of Notes.” Other rates or methods of depreciation could result in materially different LTVs. We cannot assure you that the depreciation rate and method assumed for purposes of the above table are the ones most likely to occur or predict the actual future value of any Aircraft. See “Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Appraisals should not be relied upon as a measure of realizable value of the Aircraft.”
- (2) The “principal balance” indicates, as of any date, after giving effect to any principal payments scheduled to be made on such date, the portion of the original principal amount of the Notes that has not been paid to the Noteholders and assumes that all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement as of the Cut-Off Date.
- (3) We obtained the LTVs for the Cut-Off Date and each Payment Date by dividing (i) the expected outstanding principal balance of the Notes after giving effect to any principal payment scheduled to be made on such date,

by (ii) the aggregate Assumed Aircraft Value of the Aircraft on such date based on the assumptions described above. The outstanding principal balances and LTVs will change if any Allocable Portion of the Notes is redeemed as set forth under “Description of the Notes — Redemption” or if a default in payment of principal on the Notes occurs.

Summary of the Terms of the Exchange Offer

The Notes

On July 31, 2009 (the “*Issuance Date*”), we issued and privately placed \$276,400,000 aggregate principal amount of 13% 2009-2 Secured Notes due 2016 pursuant to exemptions from the registration requirements of the Securities Act. The Initial Purchasers for the Old Notes were Morgan Stanley & Co. Incorporated and Stifel, Nicolaus & Company, Incorporated (the “*Initial Purchasers*”).

When we use the term “*Old Notes*” in this prospectus, we mean the 13% 2009-2 Secured Notes due 2016 which were privately placed with the Initial Purchasers on July 31, 2009, and were not registered with the SEC.

When we use the term “*New Notes*” in this prospectus, we mean the 13% 2009-2 Secured Notes due 2016 registered with the Commission and offered hereby in exchange for the Old Notes.

When we use the term “*Notes*” in this prospectus, the related discussion applies to both the Old Notes and the New Notes.

The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that the New Notes are registered under the Securities Act and will not be subject to restrictions on transfer, will bear a different CUSIP and ISIN number than the Old Notes, will not entitle their holders to registration rights and will be subject to terms relating to book-entry procedures and administrative terms relating to transfers that differ from those of the Old Notes.

The Exchange Offer

You may exchange Old Notes for a like principal amount of New Notes. The consummation of the exchange offer is not conditioned upon any minimum or maximum aggregate principal amount of Old Notes being tendered for exchange.

Resale of New Notes

We believe the New Notes that will be issued in the exchange offer may be resold by most investors without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to certain conditions. You should read the discussion under the heading “The Exchange Offer” for further information regarding the exchange offer and resale of the New Notes.

Registration Rights Agreement

We have undertaken the exchange offer pursuant to the terms of the Registration Rights Agreement we entered into with the Initial Purchasers, dated July 31, 2009 (the “*Registration Rights Agreement*”). Pursuant to the Registration Rights Agreement, American agreed, at no cost to the Noteholders, (a) either to consummate an exchange offer for the Notes pursuant to an effective registration statement, or to cause resales of the Notes to be registered under the Securities Act (the “*Registration Condition*”), and (b) to obtain ratings for the Notes from each of Moody’s and Standard & Poor’s (the “*Rating Condition*”). If either the Registration Condition or the Rating Condition is not satisfied on or before December 31, 2009, the interest rate on the Notes will permanently increase by 1.00% starting on January 1, 2010. See “The Exchange Offer” and “Exchange Offer; Registration Rights; Ratings.”

Consequences of Failure to Exchange the Old Notes

You will continue to hold Old Notes that remain subject to their existing transfer restrictions if:

- you do not tender your Old Notes; or
- you tender your Old Notes and they are not accepted for exchange.

We will have no obligation to register the Old Notes after we consummate the exchange offer. See “The Exchange Offer—Terms of the Exchange Offer; Period for Tendering Old Notes.”

Expiration Date

The exchange offer will expire at , New York City time, on , 2009 (the “*Expiration Date*”), unless we extend it, in which case Expiration Date means the latest date and time to which the exchange offer is extended.

Conditions to the Exchange Offer

The exchange offer is subject to several customary conditions. We will not be required to accept for exchange, or to issue New Notes in exchange for, any Old Notes, and we may terminate or amend the exchange offer, if we determine in our reasonable judgment at any time before the Expiration Date that the exchange offer would violate applicable law or any applicable interpretation of the staff of the SEC. The foregoing conditions are for our sole benefit and may be waived by us at any time. In addition, we will not accept for exchange any Old Notes tendered, and no New Notes will be issued in exchange for any such Old Notes, if at any time any stop order is threatened or in effect with respect to:

- the registration statement of which this prospectus constitutes a part; or
- the qualification of the Indenture under the Trust Indenture Act of 1939, as amended (the “*Trust Indenture Act*”).

See “The Exchange Offer—Conditions to the Exchange Offer.” We reserve the right to terminate or amend the exchange offer at any time prior to the Expiration Date upon the occurrence of any of the foregoing events.

Procedures for Tendering Old Notes	<p>If you wish to accept the exchange offer, you must tender your Old Notes and do the following on or prior to the Expiration Date, unless you follow the procedures described under “The Exchange Offer—Guaranteed Delivery Procedures:”</p> <ul style="list-style-type: none">• if Old Notes are tendered in accordance with the book-entry procedures described under “The Exchange Offer—Book-Entry Transfer,” transmit an Agent’s Message to the Exchange Agent through the Automated Tender Offer Program (“ATOP”) of The Depository Trust Company (“DTC”), or• transmit a properly completed and duly executed letter of transmittal, or a facsimile copy thereof, to the Exchange Agent, including all other documents required by the letter of transmittal. <p>See “The Exchange Offer—Procedures for Tendering Old Notes.”</p>
Guaranteed Delivery Procedures	<p>If you wish to tender your Old Notes, but cannot properly do so prior to the Expiration Date, you may tender your Old Notes according to the guaranteed delivery procedures set forth under “The Exchange Offer—Guaranteed Delivery Procedures.”</p>
Withdrawal Rights	<p>Tenders of Old Notes may be withdrawn at any time prior to _____, New York City time, on the Expiration Date. To withdraw a tender of Old Notes, a notice of withdrawal must be actually received by the Exchange Agent at its address set forth in “The Exchange Offer—Exchange Agent” prior to _____, New York City time, on the Expiration Date. See “The Exchange Offer—Withdrawal Rights.”</p>
Acceptance of Old Notes and Delivery of New Notes	<p>Except in some circumstances, any and all Old Notes that are validly tendered in the exchange offer prior to _____, New York City time, on the Expiration Date will be accepted for exchange. The New Notes issued pursuant to the exchange offer will be delivered promptly after such acceptance. See “The Exchange Offer—Acceptance of Old Notes for Exchange; Delivery of New Notes.”</p>
Certain U.S. Federal Tax Considerations	<p>The exchange of the Old Notes for the New Notes will not constitute a taxable exchange for U.S. federal income tax purposes. See “Certain U.S. Federal Income Tax Considerations.”</p>
Exchange Agent	<p>U.S. Bank National Association is serving as the Exchange Agent (the “Exchange Agent”).</p>

The Notes

The forms and terms of the New Notes are the same in all material respects as the form and terms of the Old Notes, except that the New Notes:

- are registered under the Securities Act and will not be subject to restrictions on transfer;
- will bear a different CUSIP and ISIN number than the Old Notes;
- will not entitle their holders to registration rights; and
- will be subject to terms relating to book-entry procedures and administrative terms relating to transfers that differ from those of the Old Notes.

Issuer American Airlines, Inc.

The Notes \$276,400,000 principal amount of 13.0% 2009-2 Secured Notes due 2016

Trustee and Security Agent U.S. Bank Trust National Association

Principal Payments of principal on the Notes will be made on each Payment Date as follows:

Payment Date	Principal Payment Amount
February 1, 2010	\$18,405,129.71
August 1, 2010	17,859,800.03
February 1, 2011	17,313,071.43
August 1, 2011	16,766,342.88
February 1, 2012	16,219,614.32
August 1, 2012	15,672,885.72
February 1, 2013	15,126,157.20
August 1, 2013	14,579,428.57
February 1, 2014	14,032,700.21
August 1, 2014	13,485,971.65
February 1, 2015	13,911,204.82
August 1, 2015	13,182,233.36
February 1, 2016	12,453,261.99
August 1, 2016	77,392,198.11

Scheduled Maturity Date August 1, 2016

Interest The Notes bear interest at the rate of 13.0% per annum. If either the Registration Condition or the Rating Condition is not satisfied on or before December 31, 2009, the interest rate on the Notes will permanently increase by 1.00% starting on January 1, 2010. See “Exchange Offer; Registration Rights; Ratings.” Interest on the Notes accrues from the most recent date to which interest has been paid or, if no interest has been paid, from the Issuance Date. Interest on the Notes is calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable on the Notes on each Payment Date, commencing on February 1, 2010.

Payment Dates February 1 and August 1, commencing on February 1, 2010.

Record Dates The fifteenth day preceding the related Payment Date.

Collateral Initially, the Notes are secured by the Cash Collateral. Cash Collateral may be released from time to time as Aircraft are subjected to the lien of the Aircraft Security Agreement as set forth under “Description of the Notes — Collateral — Release of Cash Collateral.”

After the 1999-1 Maturity Date and the release of the Aircraft from the liens created under the 1999-1 Indentures, subject to the terms and conditions of the Indenture, the Notes are expected to be secured by a lien on each Aircraft under the Aircraft Security Agreement. The pool of Aircraft is expected to consist of 12 Boeing aircraft owned by American, consisting of nine Boeing 737-823 aircraft, one Boeing 767-323ER aircraft and two Boeing 777-223ER aircraft, each of which was delivered new to American during the period from May 1999 to September 1999. The lien on the Aircraft under the Aircraft Security Agreement may be released from time to time as set forth under “Description of the Notes — Redemption.”

Redemption

Mandatory Redemption. If fewer than all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement for any reason on or prior to the Cut-Off Date, on the Cut-Off Redemption Date, American will be required to redeem the Allocable Portion of the Notes attributable to each such Aircraft not subjected to the lien of the Aircraft Security Agreement. The redemption price will be the Allocable Portion of the Notes attributable to each such Aircraft, together with accrued and unpaid interest on such Allocable Portion, and the Make-Whole Amount (if any) with respect to such Allocable Portion. Notwithstanding the foregoing, no Make-Whole Amount will be payable in the case of a redemption because of the occurrence of a 1999-1 Event of Loss with respect to such Aircraft (or an event that would constitute a 1999-1 Event of Loss but for the requirement that notice be given or time elapse or both). Upon any such partial redemption with respect to an Aircraft, the amount of the Cash Collateral equal to the Allocable Portion of the Notes attributable to such Aircraft will be released to American so long as no Event of Default shall have occurred and be continuing, and the obligation of American thereafter to make the scheduled interest and principal payments with respect to such Allocable Portion of the Notes will cease. The investment earnings on all such Cash Collateral shall be paid over to American on the last day on which any Cash Collateral with respect to the Allocable Portion of the Notes attributable to any Aircraft is released to American.

In addition, if an Event of Loss occurs with respect to an Aircraft that has been subjected to the lien of the Aircraft Security Agreement, American will either:

- substitute for such Aircraft under the Aircraft Security Agreement an aircraft meeting certain requirements; or
- redeem the Allocable Portion of the Notes attributable such Aircraft.

The redemption price in such case will be the Allocable Portion of the Notes attributable to such Aircraft, together with accrued and unpaid interest on such Allocable Portion, but without any premium. Following such partial redemption, the lien on such Aircraft under the Aircraft Security Agreement will be released and such Aircraft will no longer secure the amounts that may be owing under the Indenture. In addition, the obligation of American thereafter to make the scheduled interest and principal payments with respect to such Allocable Portion of the Notes will cease.

See “Description of the Notes — Redemption — Mandatory Redemption” for further details. The Allocable Portion of the Notes with respect to each Aircraft on the Cut-Off Date and each Payment Date is set forth in Appendix III. For any date before the first Payment Date, the Allocable Portion of the Notes with respect to each Aircraft will be the amount specified in Appendix

III for the Cut-Off Date. For any date after the first Payment Date, other than a Payment Date, the Allocable Portion of the Notes with respect to each Aircraft will be the amount specified in Appendix III for the Payment Date that immediately precedes such date.

Optional Redemption. American may elect to redeem all, but not less than all, of the Notes at any time prior to the Scheduled Maturity Date. The redemption price will be the unpaid principal amount of the Notes, together with accrued and unpaid interest thereon, plus the Make-Whole Amount (if any). Following such redemption, the lien on the Aircraft under the Aircraft Security Agreement will be released. See “Description of the Equipment Notes — Redemption — Optional Redemption.”

Section 1110 Protection

It is a condition to the subjection of an Aircraft to the lien of the Aircraft Security Agreement that American’s General Counsel provide an opinion to the Trustee and the Security Agent that the benefits of Section 1110 (“*Section 1110*”) of the U.S. Bankruptcy Code (“*Bankruptcy Code*”) will be available with respect to such Aircraft. The Cash Collateral and any other cash held as collateral as a result of the exercise of remedies under the Aircraft Security Agreement will not be entitled to the benefits of Section 1110. See “Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Payment on the Notes and the ability to exercise remedies with respect to certain collateral may be restricted in the case of a bankruptcy of American.”

Ratings

Pursuant to the Registration Rights Agreement, American agreed, at no cost to the Noteholders, to obtain ratings for the Notes from each of Moody’s and Standard & Poor’s. If the Rating Condition is not satisfied on or before December 31, 2009, the interest rate on the Notes will permanently increase by 1.00% starting on January 1, 2010. See “Exchange Offer; Registration Rights; Ratings.”

Certain ERISA Considerations

Each person who acquires a Note or any interest therein will be deemed to have represented that either:

- no assets of (a) an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended, (b) a plan described in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended, (c) an entity whose underlying assets are deemed to include assets of any such employee benefit plan or plan, or (d) a foreign governmental or church plan that is subject to any U.S. federal, state, local or foreign law or regulation that is substantially similar to Section 406 of ERISA or Section 4975 of the Code have been used to purchase such Note or interest therein; or
- the purchase and holding of such Note or interest therein by such person are exempt from the prohibited transaction restrictions of ERISA, the Code or any similar provision of Similar Law, as applicable, pursuant to one or more prohibited transaction statutory or administrative exemptions.

See “Certain ERISA Considerations.”

Governing Law

The Notes are governed by the laws of the State of New York.

Ratio of Earnings to Fixed Charges

	Six Months Ended June 30,		Year Ended December 31,				
	<u>2009</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Ratio of earnings to fixed charges (1)	—	—	—	1.20	1.08	—	—

(1) As of June 30, 2009, American guaranteed approximately \$425 million of unsecured debt of its parent, AMR Corporation and approximately \$284 million of secured debt of AMR Eagle. The impact of these unconditional guarantees is not included in the above computation. Earnings were inadequate to cover fixed charges by \$2,564 million, \$956 million, \$898 million, \$774 million and \$1,820 million for the years ended December 31, 2008, December 31, 2005, December 31, 2004, the six months ended June 30, 2009 and the six months ended June 30, 2008, respectively.

RISK FACTORS

You should carefully consider all of the information contained in or incorporated by reference in this prospectus, including but not limited to, our and AMR's Annual Reports on Form 10-K for the year ended December 31, 2008 (and, in the case of AMR, as updated by AMR's Current Report on Form 8-K filed on April 21, 2009), our and AMR's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009. In addition, you should carefully consider the risk factors described below, along with any risk factors that may be included in our future reports to the SEC.

Risk Factors Relating to the Company

Our ability to become profitable and our ability to continue to fund our obligations on an ongoing basis will depend on a number of risk factors, many of which are largely beyond our control. Some of the factors that may have a negative impact on us are described below:

As a result of significant losses in recent years, our financial condition has been materially weakened.

We incurred significant losses in 2001-2005, which materially weakened our financial condition. We lost \$892 million in 2005, \$821 million in 2004, \$1.3 billion in 2003, \$3.5 billion in 2002 and \$1.6 billion in 2001. Although we earned a profit of \$356 million in 2007 and \$164 million in 2006, we lost \$2.5 billion in 2008 (which included a \$1.0 billion impairment charge) and \$754 million in the six months ended June 30, 2009. Because of our weakened financial condition, we are vulnerable both to the impact of unexpected events (such as terrorist attacks or spikes in jet fuel prices) and to deterioration of the operating environment (such as a deepening of the current global recession or significant increased competition).

The severe global economic downturn has resulted in weaker demand for air travel and lower investment asset returns, which may have a significant negative impact on us.

We are experiencing significantly weaker demand for air travel driven by the severe downturn in the global economy. Many of the countries we serve are experiencing economic slowdowns or recessions. We began to experience weakening demand late in 2008, and this weakness has continued in 2009. We reduced capacity in 2008, and in 2009 we have announced additional reductions to our capacity plan for this year. If the global economic downturn persists or worsens, demand for air travel may continue to weaken. No assurance can be given that capacity reductions or other steps we may take will be adequate to offset the effects of reduced demand.

The economic downturn has resulted in broadly lower investment asset returns and values, and our pension assets suffered a material decrease in value in 2008 related to broader stock market declines, which will result in higher pension expense in 2009 and future years and higher required contributions in future years. In addition, under these unfavorable economic conditions, the amount of the cash reserves we are required to maintain under our credit card processing agreements may increase substantially. These issues individually or collectively may have a material adverse impact on our liquidity. Also, disruptions in the capital markets and other sources of funding may make it impossible for us to obtain necessary additional funding or make the cost of that funding prohibitive.

We face numerous challenges as we seek to maintain sufficient liquidity, and we will need to raise substantial additional funds. We may not be able to raise those funds, or to do so on acceptable terms.

We have significant debt, lease and other obligations in the next several years, including significant pension funding obligations. For example, in 2009 we will be required to make approximately \$1.3 billion of principal payments on long term debt and payments on capital leases, and we expect to make approximately \$1.6 billion of capital expenditures. In addition, the global economic downturn, potential increases in the amount of required reserves under credit card processing agreements, and the obligation to post cash collateral on fuel hedging contracts have negatively impacted, and may in the future negatively impact, our liquidity. To meet our commitments and to maintain sufficient liquidity as we continue to implement our restructuring and cost reduction initiatives, we will need continued access to substantial additional funding. Moreover, while we have arranged financings that, subject

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to certain terms and conditions (including, in the case of one of the financing arrangements covering twelve aircraft, a condition that, at the time of borrowing, we have a certain amount of unrestricted cash and short term investments), cover all of our 2009-2011 aircraft delivery commitments through 2011, we will also need to raise substantial additional funds to meet our commitments to purchase aircraft and execute our fleet replacement plan.

Our ability to obtain future financing is limited by the value of our unencumbered assets. A very large majority of our aircraft assets (including most of our aircraft eligible for the benefits of Section 1110) are encumbered. Also, the market value of our aircraft assets has declined in recent years, and may continue to decline.

Since the terrorist attacks of September 2001 (the “*Terrorist Attacks*”), our credit ratings have been lowered to significantly below investment grade. These reductions have increased our borrowing costs and otherwise adversely affected borrowing terms, and limited borrowing options. Additional reductions in our credit ratings might have other effects on us, such as further increasing borrowing or other costs or further restricting our ability to raise funds.

A number of other factors, including our financial results in recent years, our substantial indebtedness, the difficult revenue environment we face, our reduced credit ratings, recent historically high fuel prices, and the financial difficulties experienced in the airline industry, adversely affect the availability and terms of funding for us. In addition, the global economic downturn and recent severe disruptions in the capital markets and other sources of funding have resulted in greater volatility, less liquidity, widening of credit spreads, and substantially more limited availability of funding. As a result of these and other factors, although we believe we can access sufficient liquidity to fund our operations and obligations for the remainder of 2009, there can be no assurance that we will be able to do so. An inability to obtain necessary additional funding on acceptable terms would have a material adverse impact on us and on our ability to sustain our operations.

The amount of the reserves we are required to maintain under our credit card processing agreements could increase substantially, which would materially adversely impact our liquidity.

American has agreements with a number of credit card companies and processors to accept credit cards for the sale of air travel and other services. Under certain of American’s current credit card processing agreements, the related credit card company or processor may hold back, under certain circumstances, a reserve from American’s credit card receivables.

Under one such agreement, which was recently amended, the amount of such reserve generally is based on the amount of unrestricted cash (not including undrawn credit facilities) held by the Company and the processor’s exposure to the Company under the agreement. Given the volatility of fuel prices and revenues, uncertainty in the capital markets and uncertainty about other sources of funding, and other factors, it is difficult to forecast the required amount of such reserve at any time. The amount of the reserve was \$154 million as of June 30, 2009. The agreement limits the maximum amount of the reserve (determined as described above) during the period ending February 15, 2010, and the Company currently estimates such maximum amount during that period to be approximately \$300 million. However, if current conditions persist, absent a waiver or modification of the agreement, such required amount could be substantially greater after such period.

Our initiatives to generate additional revenues and to reduce our costs may not be adequate or successful.

As we seek to improve our financial condition, we must continue to take steps to generate additional revenues and to reduce our costs. Although we have a number of initiatives underway to address our cost and revenue challenges, some of these initiatives involve changes to our business which we may be unable to implement. In addition, we expect that, as time goes on, it will be progressively more difficult to identify and implement significant revenue enhancement and cost savings initiatives. The adequacy and ultimate success of our initiatives to generate additional revenues and reduce our costs are not known at this time and cannot be assured. Moreover, whether our initiatives will be adequate or successful depends in large measure on factors beyond our control, notably the overall industry environment, including passenger demand, yield and industry capacity growth, and fuel prices. It will be very difficult for us to continue to fund our obligations on an ongoing basis, and to return to

profitability, if the overall industry revenue environment does not improve substantially or if fuel prices were to increase and persist for an extended period at high levels.

We may be adversely affected by increases in fuel prices, and we would be adversely affected by disruptions in the supply of fuel.

Our results are very significantly affected by the volatile price and the availability of jet fuel, which are in turn affected by a number of factors beyond our control. Fuel prices have only recently declined from historic high levels.

Due to the competitive nature of the airline industry, we may not be able to pass on increased fuel prices to customers by increasing fares. Although we had some success in raising fares and imposing fuel surcharges in reaction to recent high fuel prices, these fare increases and surcharges did not keep pace with the extraordinary increases in the price of fuel that occurred in 2007 and 2008. Furthermore, even though fuel prices have declined significantly from their recent historic high levels, reduced demand or increased fare competition, or both, and resulting lower revenues may offset any potential benefit of these lower fuel prices.

While we do not currently anticipate a significant reduction in fuel availability, dependence on foreign imports of crude oil, limited refining capacity and the possibility of changes in government policy on jet fuel production, transportation and marketing make it impossible to predict the future availability of jet fuel. If there are additional outbreaks of hostilities or other conflicts in oil producing areas or elsewhere, or a reduction in refining capacity (due to weather events, for example), or governmental limits on the production or sale of jet fuel, there could be a reduction in the supply of jet fuel and significant increases in the cost of jet fuel. Major reductions in the availability of jet fuel or significant increases in its cost would have a material adverse impact on us.

We have a large number of older aircraft in our fleet, and these aircraft are not as fuel efficient as more recent models of aircraft. We believe it is imperative that we continue to execute our fleet renewal plans. However, due to the recent machinist strike at Boeing, deliveries of the Boeing 737-800 aircraft we currently have on order have been delayed. In addition, we expect delays in the deliveries of the Boeing 787-9 aircraft we currently have on order.

While we seek to manage the risk of fuel price increases by using derivative contracts, there can be no assurance that, at any given time, we will have derivatives in place to provide any particular level of protection against increased fuel costs. In addition, a deterioration of our financial position could negatively affect our ability to enter into derivative contracts in the future. Moreover, declines in fuel prices below the levels established in derivative contracts may require us to post cash collateral to secure the loss positions on such contracts, and if such contracts close when fuel prices are below the applicable levels, we would be required to make payments to close such contracts; these payments would be treated as additional fuel expense.

Our indebtedness and other obligations are substantial and could adversely affect our business and liquidity.

We have and will continue to have significant amounts of indebtedness, obligations to make future payments on aircraft equipment and property leases, and obligations under aircraft purchase agreements, as well as a high proportion of debt to equity capital. In 2009, we will be required to make approximately \$1.3 billion of principal payments on long-term debt and payments on capital leases. We expect to incur substantial additional debt (including secured debt) and lease obligations in the future. We also have substantial pension funding obligations. Our substantial indebtedness and other obligations have important consequences. For example, they:

- limit our ability to obtain additional funding for working capital, capital expenditures, acquisitions 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; and
- limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions.

We may be unable to comply with our financial covenants.

American has a \$433 million secured bank term loan facility (the “*Credit Facility*”) with a final maturity on December 17, 2010. The Credit Facility contains a liquidity covenant (the “*Liquidity Covenant*”) and a covenant that requires AMR to maintain certain minimum ratios of cash flow to fixed charges (the “*EBITDAR Covenant*”). We were in compliance with the Liquidity Covenant as of June 30, 2009. In June 2009, AMR and American entered into an amendment to the Credit Facility which waived compliance with the EBITDAR Covenant for the quarter ended June 30, 2009; however, even absent this waiver we would have complied with this covenant as of June 30, 2009. In addition, the amendment reduced the minimum ratios AMR is required to satisfy to 0.95 to 1.00 for the one, two and three quarter periods ending September 30, 2009, December 31, 2009 and March 31, 2010, respectively, to 1.00 to 1.00 for the four quarter period ending June 30, 2010, and to 1.05 to 1.00 for the four quarter period ending September 30, 2010. Given the volatility of fuel prices and revenues, uncertainty in the capital markets and uncertainty about other sources of funding, and other factors, it is difficult to assess whether we will be able to continue to comply with the Liquidity Covenant and the EBITDAR Covenant, and there are no assurances that we will be able to do so. Failure to comply with these covenants would result in a default under the Credit Facility which — if we did not take steps to obtain a waiver of, or otherwise mitigate, the default — could result in a default under a significant amount of our other debt and lease obligations, and otherwise have a material adverse impact on us and our ability to sustain our operations.

Our business is affected by many changing economic and other conditions beyond our control, and our results of operations tend to be volatile and fluctuate due to seasonality.

Our business and our results of operations are affected by many changing economic and other conditions beyond our control, including, among others:

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

As a result, our results of operations tend to be volatile and subject to rapid and unexpected change. In addition, due to generally greater demand for air travel during the summer, our revenues in the second and third quarters of the year tend to be stronger than revenues in the first and fourth quarters of the year.

The airline industry is fiercely competitive and may undergo further consolidation or changes in industry alliances, and we are subject to increasing competition.

Service over almost all of our routes is highly competitive and fares remain at low levels by historical standards. We face vigorous, and, in some cases, increasing, competition from major domestic airlines, national,

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regional, all-cargo and charter carriers, foreign air carriers, low-cost carriers and, particularly on shorter segments, ground and rail transportation. We also face increasing and significant competition from marketing/operational alliances formed by our competitors. The percentage of routes on which we compete with carriers having substantially lower operating costs than ours has grown significantly over the past decade, and we now compete with low-cost carriers on a large majority of our domestic non-stop mainline network routes.

Certain airline alliances have been 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.

Pricing decisions are significantly affected by competition from other airlines. Fare discounting by competitors historically has had a negative effect on our financial results because we must generally match competitors' fares, since failing to match would result in even less revenue. We have faced increased competition from carriers with simplified fare structures, which are generally preferred by travelers. Any fare reduction or fare simplification initiative may not be offset by increases in passenger traffic, reduction in cost or changes in the mix of traffic that would improve yields. Moreover, decisions by our competitors that increase or reduce overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route, can have a material impact on related fare levels.

There have been numerous mergers and acquisitions within the airline industry and numerous changes in industry alliances. Recently, two of our largest competitors, Delta Air Lines, Inc. and Northwest Airlines Corporation, merged, and the combined entity became the largest scheduled passenger airline in the world in terms of available seat miles and revenue passenger miles. In addition, another two of our largest competitors, United Air Lines, Inc. and Continental Airlines, Inc., recently announced that they had entered into a framework agreement to cooperate extensively and under which Continental would join the global alliance of which United, Lufthansa and certain other airlines are members.

In the future, there may be additional mergers and acquisitions, and changes in airline alliances, including those that may be undertaken in response to the merger of Delta and Northwest or other developments in the airline industry. Any airline industry consolidation or changes in airline alliances could substantially alter the competitive landscape and result in changes in our corporate or business strategy. We regularly assess and explore the potential for consolidation in our industry and changes in airline alliances, our strategic position and ways to enhance our competitiveness, including the possibilities for our participation in merger activity. Consolidation involving other participants in our industry could result in the formation of one or more airlines with greater financial resources, more extensive networks, and/or lower cost structures than exist currently, which could have a material adverse effect on us. For similar reasons, changes in airline alliances could also adversely affect our competitive position.

In 2008, we entered into a joint business agreement and related marketing arrangements with British Airways and Iberia, providing for commercial cooperation on flights between North America and most countries in Europe, pooling and sharing of certain revenues and costs, expanded codesharing, enhanced frequent flyer program reciprocity, and cooperation in other areas. Along with these carriers and certain other carriers, we have applied to the U.S. Department of Transportation for antitrust immunity for this planned cooperation. Implementation of this agreement and the related arrangements is subject to conditions, including various U.S. and foreign regulatory approvals, successful negotiation of certain detailed financial and commercial arrangements, and other approvals. Agencies from which such approvals must be obtained may impose requirements or limitations as a condition of granting any such approvals, such as requiring divestiture of routes, gates, slots or other assets. No assurances can be given as to any arrangements that may ultimately be implemented or any benefits that we may derive from such arrangements.

We compete with reorganized carriers, which results in competitive disadvantages for us.

We must compete with air carriers that have reorganized under the protection of Chapter 11 of the Bankruptcy Code in recent years, including United, Delta, Northwest and U.S. Airways. It is possible that other significant competitors may seek to reorganize in or out of Chapter 11.

Successful reorganizations by other carriers present us with competitors with significantly lower operating costs and stronger financial positions derived from renegotiated labor, supply, and financing contracts. These competitive pressures may limit our ability to adequately price our services, may require us to further reduce our operating costs, and could have a material adverse impact on us.

Fares are at low levels and our reduced pricing power adversely affects our ability to achieve adequate pricing, especially with respect to business travel.

Our passenger yield remains very low by historical standards. We believe that this is due in large part to a corresponding decline in our pricing power. Our reduced pricing power is the product of several factors including: greater cost sensitivity on the part of travelers (particularly business travelers); pricing transparency resulting from the use of the Internet; greater competition from low-cost carriers and from carriers that have recently reorganized under the protection of Chapter 11; other carriers being well hedged against rising fuel costs and able to better absorb high jet fuel prices; and fare simplification efforts by certain carriers. We believe that our reduced pricing power could persist indefinitely.

Our corporate or business strategy may change.

In light of the rapid changes in the airline industry, we evaluate our assets on an ongoing basis with a view to maximizing their value to us and determining which are core to our operations. We also regularly evaluate our corporate and business strategies, and they are influenced by factors beyond our control, including changes in the competitive landscape we face. Our corporate and business strategies are, therefore, subject to change.

Beginning in late 2007 and continuing into 2008, AMR, American's parent company, conducted a strategic value review involving, among other things, AMR Eagle, American Beacon Advisors, Inc., AMR's investment advisory subsidiary ("*American Beacon Advisors*") and AAdvantage, our frequent flyer program. The purpose of the review was to determine whether there existed the potential for unlocking additional stockholder value with respect to one or more of these strategic assets through some type of separation transaction. As a result of this review, AMR announced in late 2007 that it planned to divest AMR Eagle; however, in mid-2008 AMR announced that, given the then-current industry environment, AMR had decided to place that planned divestiture on hold until industry conditions are more favorable and stable. Also pursuant to the review, AMR sold American Beacon Advisors to a third party in September 2008 (AMR maintained a minority equity stake).

In the future, AMR may consider and engage in discussions with third parties regarding the divestiture of AMR Eagle and other separation transactions, and may decide to proceed with one or more such transactions. There can be no assurance that AMR will complete any separation transactions or that any announced plans or transactions will be consummated, and no prediction can be made as to the impact of any such transactions on stockholder value or on us.

Our business is subject to extensive government regulation, which can 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. Many of these requirements result in significant costs. For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft. Compliance with those requirements drives significant expenditures and has in the past, and may in the future, cause disruptions to our operations. In addition, the ability of U.S. carriers to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time, or because appropriate slots or facilities are not made available.

Moreover, additional laws, regulations, taxes and airport rates and charges have been enacted from time to time that have significantly increased the costs of airline operations, reduced the demand for air travel or restricted the way we can conduct our business. For example, the Aviation and Transportation Security Act, which became law in 2001, mandated the federalization of certain airport security procedures and resulted in the imposition of

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additional security requirements on airlines. In addition, many aspects of our operations are subject to increasingly stringent environmental regulations, and concerns about climate change, in particular, may result in the imposition of additional regulation. For example, the U.S. Congress is considering climate change legislation, and the European Union (the “EU”) has approved a proposal that will put a cap on carbon dioxide emissions for all flights into and out of the EU effective in 2012. Laws or regulations similar to those described above or other U.S. or foreign governmental actions in the future may adversely affect our business and financial results.

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

- changes in law which affect the services that can be offered by airlines in particular markets and at particular airports;
- the granting and timing of certain governmental approvals (including foreign government approvals) needed for codesharing alliances and other arrangements with other airlines;
- restrictions on competitive practices (for example court orders, or agency regulations or orders, that would curtail an airline’s ability to respond to a competitor);
- the adoption of regulations that impact customer service standards (for example new passenger security standards, passenger bill of rights);
- restrictions on airport operations, such as restrictions on the use of takeoff and landing slots at airports or the auction of slot rights currently or previously held by us; or
- the adoption of more restrictive locally imposed noise restrictions.

In addition, the air traffic control (“ATC”) system, which is operated by the FAA, is not successfully managing the growing demand for U.S. air travel. U.S. airlines carry about 740 million passengers a year and are forecasted to accommodate a billion passengers annually by 2015. Air-traffic controllers rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes. We support a common-sense approach to ATC modernization that would allocate cost to all ATC system users in proportion to the services they consume. The reauthorization by the U.S. Congress of legislation that funds the FAA, which includes proposals regarding upgrades to the ATC system, is pending, but it is uncertain when any such legislation will be enacted.

We could be adversely affected by conflicts overseas or terrorist attacks.

Actual or threatened U.S. military involvement in overseas operations has, on occasion, had an adverse impact on our business, financial position (including access to capital markets) and results of operations, and on the airline industry in general. The continuing conflicts in Iraq and Afghanistan, or other conflicts or events in the Middle East or elsewhere, may result in similar adverse impacts.

The Terrorist Attacks had a material adverse impact on us. The occurrence of another terrorist attack (whether domestic or international and whether against us or another entity) could again have a material adverse impact on us.

Our international operations could be adversely affected by numerous events, circumstances or government actions beyond our control.

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

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For example, the “open skies” air services agreement between the United States and the EU which took effect in March 2008 provides airlines from the United States and EU member states open access to each other’s markets, with freedom of pricing and unlimited rights to fly beyond the United States and any airport in the EU including London’s Heathrow Airport. The agreement has resulted in American facing increased competition in these markets, including Heathrow, where we have lost market share.

We could be adversely affected by an outbreak of a disease that affects travel behavior.

In the second quarter of 2009, there was an outbreak of the H1N1 virus which had an adverse impact throughout our network but primarily on our operations to and from Mexico. In 2003, there was an outbreak of Severe Acute Respiratory Syndrome (“SARS”), which had an adverse impact primarily on our Asia operations. In addition, in the past there have been concerns about outbreaks or potential outbreaks of other diseases, such as avian flu. Any outbreak of a disease (including a worsening of the outbreak of the H1N1 virus) that affects travel behavior could have a material adverse impact on us. In addition, outbreaks of disease could result in quarantines of our personnel or an inability to access facilities or our aircraft, which could adversely affect our operations.

Our labor costs are higher than those of our competitors.

Wages, salaries and benefits constitute a significant percentage of our total operating expenses. In 2008, they constituted approximately 23 percent of our total operating expenses. All of the major hub-and-spoke carriers with whom American competes have achieved significant labor cost savings through or outside of bankruptcy proceedings. We believe American’s labor costs are higher than those of its primary competitors, and it is unclear how long this labor cost disadvantage may persist.

We could be adversely affected if we are unable to have satisfactory relations with any unionized or other employee work group.

Our operations could be adversely affected if we fail to have satisfactory relations with any labor union representing our employees. In addition, any significant dispute we have with, or any disruption by, an employee work group could adversely impact us. Moreover, one of the fundamental tenets of our strategic Turnaround Plan is increased union and employee involvement in our operations. To the extent that we are unable to have satisfactory relations with any unionized or other employee work group, our ability to execute our strategic plans could be adversely affected.

American is currently in mediated negotiations with each of its three major unions regarding amendments to their respective labor agreements. The negotiations process in the airline industry typically is slow and sometimes contentious. The union that represents American’s pilots has recently filed a number of grievances, lawsuits and complaints, most of which American believes are part of a corporate campaign related to the union’s labor agreement negotiations with American. While American is vigorously defending these claims, unfavorable outcomes of one or more of them could require American to incur additional costs, change the way it conducts some parts of its business, or otherwise adversely affect us.

Our insurance costs have increased substantially and further increases in insurance costs or reductions in coverage could have an adverse impact on us.

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

The U.S. government has agreed to provide commercial war-risk insurance for U.S. based airlines through August 31, 2010, covering losses to employees, passengers, third parties and aircraft. If the U.S. government does not provide such insurance at any time beyond that date, or reduces the coverage provided by such insurance, we

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will attempt to purchase similar coverage with narrower scope from commercial insurers at an additional cost. To the extent this coverage is not available at commercially reasonable rates, we would be adversely affected.

While the price of commercial insurance had declined since the period immediately after the Terrorist Attacks, in the event commercial insurance carriers further reduce the amount of insurance coverage available to us, or significantly increase its cost, we would be adversely affected.

We may be unable to retain key management personnel.

Since the Terrorist Attacks, a number of our key management employees have elected to retire early or leave for more financially favorable opportunities at other companies, both within and outside of the airline industry. There can be no assurance that we will be able to retain our key management employees. Any inability to retain our key management employees, or attract and retain additional qualified management employees, could have a negative impact on us.

We could be adversely affected by a failure or disruption of our computer, communications or other technology systems.

We are heavily and increasingly dependent on technology to operate our business. The computer and communications systems on which we rely could be disrupted due to various events, some of which are beyond our control, including natural disasters, power failures, terrorist attacks, equipment failures, software failures and computer viruses and hackers. We have taken certain steps to help reduce the risk of some (but not all) of these potential disruptions. There can be no assurance, however, that the measures we have taken are adequate to prevent or remedy disruptions or failures of these systems. Any substantial or repeated failure of these systems could impact our operations and customer service, result in the loss of important data, loss of revenues, and increased costs, and generally harm our business. Moreover, a failure of certain of our vital systems could limit our ability to operate our flights for an extended period of time, which would have a material adverse impact on our operations and our business.

We are at risk of losses and adverse publicity which might result from an accident involving any of our aircraft.

If one of our aircraft were to be involved in an accident, we could be exposed to significant tort liability. The insurance we carry to cover damages arising from any future accidents may be inadequate. In the event that our insurance is not adequate, we may be forced to bear substantial losses from an accident. In addition, any accident involving an aircraft operated by us could adversely affect the public's perception of us.

Risk Factors Relating to the Notes and the Exchange Offer

Noteholders may not be able to resell the Notes easily or at a favorable price.

The New Notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the Notes on any securities exchange or otherwise. The Initial Purchasers are not obligated to make a market in the Notes, and any such market-making may be discontinued at any time, at the sole discretion of the Initial Purchasers. In addition, such market-making activities may be limited by the Securities Act and the Exchange Act during the pendency of the exchange offer or the effectiveness of a shelf registration in lieu thereof. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the New Notes or in the case of non-exchanging holders of Old Notes, the trading market for the Old Notes following the exchange offer.

The liquidity of, and trading market for, the Old Notes or the New Notes also may be adversely affected by general declines in the markets or by declines in the market for similar securities. Such declines may adversely affect such liquidity and trading markets independent of our financial performance and prospects.

You may have difficulty selling the Old Notes that you do not exchange.

If you do not exchange your Old Notes for New Notes in the exchange offer, your Old Notes will continue to be subject to significant restrictions on transfer. Those transfer restrictions are described in the Indenture and arose because we originally issued the Old Notes under exemptions from the registration requirements of the Securities Act. The Old Notes may not be offered, sold or otherwise transferred, except in compliance with the registration requirements of the Securities Act, pursuant to an exemption from registration under the Securities Act or in a transaction not subject to the registration requirements of the Securities Act, and in compliance with applicable state securities laws. We did not register the Old Notes under the Securities Act, and we do not intend to do so. If you do not exchange your Old Notes, your ability to sell the Old Notes may be significantly limited. If a large number of outstanding Old Notes are exchanged for New Notes issued in the exchange offer, it may be more difficult for you to sell your unexchanged Old Notes due to the limited amounts of Old Notes that would remain outstanding following the exchange offer.

Holders of Old Notes who do not tender their Old Notes will have no further registration rights.

Holders of Old Notes who do not tender their Old Notes will not have any further registration rights under the Registration Rights Agreement or otherwise and will no longer have the right to receive additional interest under the Registration Rights Agreement unless we fail to obtain ratings for the Notes as described under “Exchange Offer; Registration Rights; Ratings.”

Your Old Notes may not be accepted for exchange if you fail to follow the exchange offer procedures, and, as a result, your Old Notes could continue to be subject to existing transfer restrictions.

We are not required to accept your Old Notes for exchange if you do not follow the exchange offer procedures. We will issue New Notes as part of the exchange offer only after a timely receipt of your Old Notes, a properly completed and duly executed letter of transmittal or Agent’s Message and all other required documents, or waiver of any such requirements, in accordance with the procedures described under “The Exchange Offer.” If we do not receive your Old Notes, confirmation of a book-entry transfer of your Old Notes, letter of transmittal or Agent’s Message and other required documents by the Expiration Date, we may not accept your Old Notes for exchange. We are under no duty to notify you of defects or irregularities with respect to your tender of Old Notes for exchange. If there are defects or irregularities with respect to your tender of Old Notes, we may not accept your Old Notes for exchange. See “The Exchange Offer.”

Appraisals should not be relied upon as a measure of realizable value of the Aircraft.

Three independent appraisal and consulting firms have prepared appraisals of the Aircraft. The appraisal letters provided by these firms are annexed to this prospectus as Appendix II. Such appraisals of the Aircraft are subject to a number of significant assumptions and methodologies (which differ among the appraisers) and were prepared without a physical inspection of the Aircraft. The appraisals may not accurately reflect the current market value of the Aircraft. Appraisals that are based on other assumptions and methodologies (or a physical inspection of the Aircraft) may result in valuations that are materially different from those contained in such appraisals. See “Description of the Aircraft and the Appraisals — The Appraisals.”

An appraisal is only an estimate of value. It does not necessarily indicate the price at which an aircraft may be purchased or sold in the market. In particular, the appraisals of the Aircraft are estimates of the values of the Aircraft assuming the Aircraft are in a certain condition, which may not be the case when the Aircraft are subjected to the lien of the Aircraft Security Agreement after the 1999-1 Maturity Date and on or prior to the Cut-Off Date. An appraisal should not be relied upon as a measure of realizable value. The proceeds realized upon the exercise of remedies with respect to any Aircraft, including a sale of such Aircraft, may be less than its appraised value. The value of an Aircraft if remedies are exercised under the Aircraft Security Agreement will depend on various factors, including market, economic and airline industry conditions; the supply of similar aircraft; the availability of buyers; the condition of such Aircraft; the time period in which such Aircraft is sought to be sold; and whether such Aircraft is sold separately or as part of a block.

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Since the Terrorist Attacks, the airline industry has suffered substantial losses. In response to adverse market conditions, we and many other U.S. air carriers have reduced the number of aircraft in operation, and there may be further reductions, particularly by air carriers in bankruptcy or liquidation. Any such reduction of aircraft of the same models as the Aircraft could adversely affect the value of the Aircraft.

Accordingly, we cannot assure you that the proceeds realized upon any exercise of remedies with respect to the Aircraft would be sufficient to satisfy in full payments due on the Notes.

If we fail to perform maintenance responsibilities, the value of the Aircraft may deteriorate.

To the extent described in the Aircraft Security Agreement, we will be responsible for the maintenance, service, repair and overhaul of the Aircraft. If we fail to perform these responsibilities adequately, the value of the Aircraft may be reduced. In addition, the value of the Aircraft may deteriorate even if we fulfill our maintenance responsibilities. As a result, it is possible that upon a liquidation, there will be less proceeds than anticipated to repay Noteholders. See “Description of the Notes — Certain Provisions of the Aircraft Security Agreement — Maintenance and Operation.”

Inadequate levels of insurance may result in insufficient proceeds to repay Noteholders.

To the extent described in the Aircraft Security Agreement, we must maintain all-risk aircraft hull insurance on the Aircraft. If we fail to maintain adequate levels of insurance, the proceeds which could be obtained upon an Event of Loss of an Aircraft may be insufficient to repay the Allocable Portion of the Notes with respect to such Aircraft. See “Description of the Notes — Certain Provisions of the Aircraft Security Agreement — Insurance.”

Repossession of Aircraft may be difficult, time-consuming and expensive.

There will be no general geographic restrictions on our ability to operate the Aircraft. Although we do not currently intend to do so, we are permitted to register the Aircraft in certain foreign jurisdictions and to lease the Aircraft, and to enter into interchange or pooling arrangements with respect to the Aircraft, with unrelated third parties. It may be difficult, time-consuming and expensive for the Security Agent to exercise its repossession rights, particularly if an Aircraft is located outside the United States, is registered in a foreign jurisdiction or is leased to or in the possession of a foreign or domestic operator. Additional difficulties may exist if such a lessee or other operator is the subject of a bankruptcy, insolvency or similar event. See “Description of the Notes — Certain Provisions of the Aircraft Security Agreement — Registration, Leasing and Possession.”

In addition, some jurisdictions may allow for other liens or other third party rights to have priority over the Security Agent’s security interest in an Aircraft. As a result, the benefits of the Security Agent’s security interest in an Aircraft may be less than they would be if the Aircraft were located or registered in the United States.

Upon repossession of an Aircraft, the Aircraft may need to be stored and insured. The costs of storage and insurance can be significant and the incurrence of such costs could reduce the proceeds available to repay the Noteholders. In addition, at the time of foreclosing on the lien on the Aircraft under the Aircraft Security Agreement, an Airframe subject to the lien of the Aircraft Security Agreement might not be equipped with the Engines associated with that Airframe. If American fails to obtain title to engines not owned by American that are attached to repossessed Aircraft, it could be difficult, expensive and time-consuming to assemble an Aircraft consisting of an Airframe and the associated Engines subject to the lien of the Aircraft Security Agreement.

The proceeds from the disposition of any Aircraft may not be sufficient to pay all amounts distributable to the Noteholders.

During the continuation of any Event of Default under the Indenture, the Aircraft may be sold in the exercise of remedies. The market for Aircraft during the continuation of any Event of Default may be very limited, and there can be no assurance as to whether they could be sold or the price at which they could be sold.

As a Noteholder, you will have no protection against our entry into extraordinary transactions, including acquisitions and other business combinations, and there are no financial or other covenants in the Notes or the underlying agreements that impose restrictions on our financial and business operations or our ability to execute any such transaction.

The Notes and the other Operative Documents will not contain any financial or other covenants or “event risk” provisions protecting the Noteholders in the event of a highly leveraged or other extraordinary transaction, including an acquisition or other business combination, affecting American or its affiliates. We do from time to time analyze opportunities presented by various types of transactions, and we may conduct our business in a manner that could cause the market price or liquidity of the Notes to decline, could have a material adverse effect on our financial condition or otherwise could restrict or impair our ability to pay amounts due under the Notes and/or the related agreements, including by entering into a highly leveraged or other extraordinary transaction.

Fewer than all of the Aircraft may be subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date.

Under certain circumstances, fewer than all of the Aircraft may be subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date. This could occur because an Aircraft suffers a 1999-1 Event of Loss (or an event that would constitute a 1999-1 Event of Loss but for the requirement that notice be given or time elapse or both) or for other reasons. See “Description of the Notes — Collateral — Release of Cash Collateral.” If fewer than all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date, on the Cut-Off Redemption Date, we will be obligated to redeem the Allocable Portion of the Notes attributable to each Aircraft that has not been subjected to the lien of the Aircraft Security Agreement. The redemption price will be the Allocable Portion of the Notes attributable to each such Aircraft, together with accrued and unpaid interest on such Allocable Portion, and the Make-Whole Amount (if any) with respect to such Allocable Portion. Notwithstanding the foregoing, no Make-Whole Amount will be payable in the case of a redemption because of the occurrence of a 1999-1 Event of Loss with respect to such Aircraft (or an event that would constitute a 1999-1 Event of Loss but for the requirement that notice be given or time elapse or both). Upon any such partial redemption with respect to an Aircraft, the amount of the Cash Collateral equal to the Allocable Portion of the Notes attributable to such Aircraft will be released to us so long as no Event of Default shall have occurred and be continuing, and our obligation thereafter to make the scheduled interest and principal payments with respect to such Allocable Portion of the Notes will cease.

Payments on the Notes and the ability to exercise remedies with respect to certain collateral may be restricted in the case of a bankruptcy of American.

Section 1110, which provides certain special rights to secured parties with a security interest in aircraft equipment such as the Aircraft (see “Description of the Notes — Remedies”), would not apply to the Cash Collateral deposited with the Trustee on initial issuance of the Old Notes or any cash collateral held by the Security Agent. If we become the subject of a case under the Bankruptcy Code, the ability of the Noteholders to enforce their security interest in the Cash Collateral or such other cash collateral would be subject to the automatic stay under Section 362 of the Bankruptcy Code. Any resulting delay in the enforcement of the security interest could be for a substantial period of time. Moreover, the Bankruptcy Code permits a debtor, with the approval of the bankruptcy court, to use cash collateral even though the debtor is in default under the applicable debt instrument, provided that the secured creditor is given “adequate protection.” What constitutes “adequate protection” varies under the circumstances, and it is not possible to predict in advance what a bankruptcy court might judge to be “adequate protection” in a particular instance.

In addition, the substitution of the Aircraft for the Cash Collateral could be subject to partial avoidance as a “preference” under Section 547 of the Bankruptcy Code if (1) it occurred within 90 days before a bankruptcy filing by us (or one year in the case of Notes held by an “insider” of American within the meaning of the U.S. Bankruptcy Code) and (2) it enabled the Noteholders to receive more than they would receive if we were liquidated under Chapter 7 of the Bankruptcy Code and the substitution had not occurred which would likely be the case.

The Notes are not currently rated, and any rating of the Notes, if obtained, may be lowered or withdrawn in the future.

The Notes are not currently rated by any rating agency. While American has agreed to use its reasonable best efforts to obtain ratings of the Notes from both Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("Standard & Poor's" and together with Moody's, the "Rating Agencies") on or before December 31, 2009, there can be no assurance that either Rating Agency will provide a rating on the Notes. In addition, there is no requirement that the Notes be rated at or above a certain rating category. Any rating that may be obtained will not be a recommendation to purchase, hold or sell the Notes, because such rating would not address market price or suitability for a particular investor. A rating may change during any given period of time and may be lowered or withdrawn entirely by a Rating Agency if in its judgment circumstances in the future (including the downgrading of American) so warrant. Moreover, any change in a Rating Agency's assessment of the risks of aircraft-backed debt (and similar securities such as the Notes) could adversely affect any rating issued by such Rating Agency with respect to the Notes. The failure of American to obtain ratings of the Notes will result in an adjustment to the interest rate for the Notes (see "Exchange Offer; Registration Rights; Ratings"). Such failure or the reduction, suspension or withdrawal of any ratings of the Notes will not, by itself, constitute an Event of Default.

THE EXCHANGE OFFER

Pursuant to the Registration Rights Agreement, we agreed to prepare and file with the SEC a registration statement on an appropriate form under the Securities Act with respect to a proposed offer to the holders of the Old Notes to issue and deliver to such holders of Old Notes, in exchange for their Old Notes, a like aggregate principal amount of New Notes that are identical in all material respects to the Old Notes, except for provisions relating to registration rights and the transfer restrictions relating to the Old Notes, and except for certain related differences described below. See “Exchange Offer; Registration Rights; Ratings.”

Terms of the Exchange Offer; Period for Tendering Old Notes

This prospectus and the accompanying letter of transmittal contain the terms and conditions of the exchange offer. Upon the terms and subject to the conditions included in this prospectus and in the accompanying letter of transmittal, which together constitute the exchange offer, we will accept for exchange Old Notes which are properly tendered on or prior to the Expiration Date, unless you have previously withdrawn them.

When you tender Old Notes as provided below, our acceptance of the Old Notes will constitute a binding agreement between you and American upon the terms and subject to the conditions in this prospectus and in the accompanying letter of transmittal. In tendering Old Notes, you should also note the following important information:

- You may only tender Old Notes in minimum denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof.
- We will keep the exchange offer open for not less than 20 business days, or longer if required by applicable law, after the date on which notice of the exchange offer is mailed to holders of the Old Notes. We are sending this prospectus, together with the letter of transmittal, on or about the date of this prospectus, to all of the registered holders of Old Notes at their addresses listed in the Trustee’s security register with respect to the Old Notes.
- The exchange offer expires at _____, New York City time, on _____, 2009; provided, however, that we, in our sole discretion, may extend the period of time for which the exchange offer is open.
- As of the date of this prospectus, \$276,400,000 aggregate principal amount of Old Notes was outstanding. The exchange offer is not conditioned upon any minimum principal amount of Old Notes being tendered.
- Our obligation to accept Old Notes for exchange in the exchange offer is subject to the conditions described under “—Conditions to the Exchange Offer.”
- We expressly reserve the right, at any time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance of any Old Notes, by giving oral or written notice of an extension to the Exchange Agent and notice of that extension to the Noteholders as described below. During any extension, all Old Notes previously tendered will remain subject to the exchange offer unless withdrawal rights are exercised as described under “—Withdrawal Rights.” Any Old Notes not accepted for exchange for any reason will be returned without expense to the tendering Noteholder as promptly as practicable after the expiration or termination of the exchange offer.
- We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any Old Notes that we have not yet accepted for exchange, at any time prior to the Expiration Date.

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- We will give oral or written notice of any extension, amendment, termination or non-acceptance described above to holders of the Old Notes as promptly as practicable. If we extend the Expiration Date, we will give notice by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the business day after the previously scheduled Expiration Date. Without limiting the manner in which we may choose to make any public announcement and subject to applicable law, we will have no obligation to publish, advertise or otherwise communicate any public announcement other than by issuing a release to an appropriate news agency. Such announcement may state that we are extending the exchange offer for a specified period of time.
- Holders of Old Notes do not have any appraisal or dissenters' rights in connection with the exchange offer.
- Old Notes which are not tendered for exchange, or are tendered but not accepted, in connection with the exchange offer will remain outstanding and be entitled to the benefits of the Indenture, but will not be entitled to any further registration rights under the Registration Rights Agreement.
- We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC thereunder.
- By executing, or otherwise becoming bound by, the letter of transmittal, you will be making to us the representations described under “—Resale of the New Notes.”

Important rules concerning the exchange offer

You should note the following important rules concerning the exchange offer:

- All questions as to the validity, form, eligibility, time of receipt and acceptance of Old Notes tendered for exchange will be determined by us in our sole discretion, which determination shall be final and binding.
- We reserve the absolute right to reject any and all tenders of any particular Old Notes not properly tendered or to not accept any particular Old Notes if such acceptance might, in our judgment or the judgment of our counsel, be unlawful.
- We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular Old Notes either before or after the Expiration Date, including the right to waive the ineligibility of any holder who seeks to tender Old Notes in the exchange offer. Unless we agree to waive any defect or irregularity in connection with the tender of Old Notes for exchange, you must cure any defect or irregularity within any reasonable period of time as we shall determine.
- Our interpretation of the terms and conditions of the exchange offer as to any particular Old Notes either before or after the Expiration Date shall be final and binding on all parties. Neither American, the Exchange Agent nor any other person shall be under any duty to notify you of any defect or irregularity with respect to any tender of Old Notes for exchange, nor shall any of them incur any liability for failing to so notify you.

Procedures for Tendering Old Notes

What to submit and how

If you, as a holder of any Old Notes, wish to tender your Old Notes for exchange in the exchange offer, you must, except as described under “—Guaranteed Delivery Procedures,” transmit the following on or prior to the Expiration Date to the Exchange Agent:

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- (1) if Old Notes are tendered in accordance with the book-entry procedures described under “—Book-Entry Transfer,” an Agent’s Message, as defined below, transmitted through DTC’s ATOP, or
- (2) a properly completed and duly executed letter of transmittal, or a facsimile copy thereof, to the Exchange Agent at the address set forth below under “—Exchange Agent,” including all other documents required by the letter of transmittal.

In addition,

- (1) a timely confirmation of a book-entry transfer of Old Notes into the Exchange Agent’s account at DTC using the procedure for book-entry transfer described under “—Book-Entry Transfer” (a “*Book-Entry Confirmation*”), along with an Agent’s Message, must be actually received by the Exchange Agent prior to the Expiration Date, or
- (2) certificates for Old Notes must be actually received by the Exchange Agent along with the letter of transmittal on or prior to the Expiration Date, or
- (3) you must comply with the guaranteed delivery procedures described below.

The term “*Agent’s Message*” means a message, transmitted through ATOP by DTC to, and received by, the Exchange Agent and forming a part of a Book-Entry Confirmation, that states that DTC has received an express acknowledgement that the tendering holder has received and agrees to be bound by the letter of transmittal or, in the case of an Agent’s Message relating to guaranteed delivery, that such holder has received and further agrees to be bound by the notice of guaranteed delivery, and that we may enforce the letter of transmittal, and the notice of guaranteed delivery, as the case may be, against such holder.

The method of delivery of Old Notes, letters of transmittal, notices of guaranteed delivery and all other required documentation, including delivery of Old Notes through DTC and transmission of Agent’s Messages through DTC’s ATOP, is at your election and risk. Delivery will be deemed made only when all required documentation is actually received by the Exchange Agent. Delivery of documents or instructions to DTC does not constitute delivery to the Exchange Agent. If delivery is by mail, we recommend that registered mail, properly insured, with return receipt requested, be used. In all cases, sufficient time should be allowed to assure timely delivery to the Exchange Agent. Holders tendering Old Notes or transmitting Agent’s Messages through DTC’s ATOP must allow sufficient time for completion of ATOP procedures during DTC’s normal business hours. No Old Notes, Agent’s Messages, letters of transmittal, notices of guaranteed delivery or any other required documentation should be sent to American.

How to sign your letter of transmittal and other documents

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the Old Notes being surrendered for exchange are tendered:

- (1) by a registered holder of the Old Notes who has not completed the box entitled “Special Issuance Instructions” or “Special Delivery Instructions” on the letter of transmittal, or
- (2) for the account of an “eligible guarantor” institution within the meaning of Rule 17Ad-15 under the Exchange Act, or a commercial bank or trust company having an office or correspondent in the United States that is a member in good standing of a medallion program recognized by the Securities Transfer Association Inc., including the Securities Transfer Agents Medallion Program (“*STAMP*”), the Stock Exchanges Medallion Program (“*SEMP*”) and the New York Stock Exchange Medallion Signature Program (“*MSP*”) (each, an “*Eligible Institution*”).

If signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantees must be by an Eligible Institution.

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If the letter of transmittal is signed by a person or persons other than the registered holder or holders of Old Notes, the Old Notes must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders appear on the Old Notes and with the signatures guaranteed.

If the letter of transmittal or any Old Notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers or corporations or others acting in a fiduciary or representative capacity, the person should so indicate when signing and, unless waived by us, proper evidence satisfactory to us of such person's authority to so act must be submitted.

Acceptance of Old Notes for Exchange; Delivery of New Notes

Once all of the conditions to the exchange offer are satisfied or waived, we will accept, promptly after the Expiration Date, all Old Notes properly tendered and not properly withdrawn, and will issue the New Notes of the same series promptly after such acceptance. See “—Conditions to the Exchange Offer” below. For purposes of the exchange offer, our giving of oral or written notice of acceptance to the Exchange Agent will be considered our acceptance of the tendered Old Notes.

In all cases, we will issue New Notes in exchange for Old Notes of the same series that are accepted for exchange only after timely receipt by the Exchange Agent of:

- a Book-Entry Confirmation or Old Notes in proper form for transfer,
- a properly transmitted Agent's Message or a properly completed and duly executed letter of transmittal, and
- all other required documentation.

If we do not accept any tendered Old Notes for any reason included in the terms and conditions of the exchange offer, if you submit certificates representing Old Notes in a greater principal amount than you wish to exchange or if you properly withdraw tendered Old Notes in accordance with the procedures described under “—Withdrawal Rights,” we will return any unaccepted, non-exchanged or properly withdrawn Old Notes, as the case may be, without expense to the tendering holder. In the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at DTC using the book-entry transfer procedures described below, unaccepted, non-exchanged or properly withdrawn Old Notes will be credited to an account maintained with DTC. We will return the Old Notes or have them credited to the DTC account, as applicable, as promptly as practicable after the expiration or termination of the exchange offer.

Book-Entry Transfer

The Exchange Agent will make a request to establish an account with respect to the Old Notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant in DTC's systems, including Euroclear Bank, S.A./N.V., as operator of the Euroclear System (“*Euroclear*”), or Clearstream Banking, société anonyme (“*Clearstream*”) may make book-entry delivery of Old Notes by causing DTC to transfer Old Notes into the Exchange Agent's account at DTC in accordance with DTC's ATOP procedures for transfer. However, the exchange for the Old Notes so tendered will only be made after timely confirmation of book-entry transfer of Old Notes into the Exchange Agent's account, and timely receipt by the Exchange Agent of an Agent's Message and all other documents required by the letter of transmittal. Only participants in DTC may deliver Old Notes by book-entry transfer.

Although delivery of Old Notes may be effected through book-entry transfer into the Exchange Agent's account at DTC, the letter of transmittal, or a facsimile copy thereof, properly completed and duly executed, with any required signature guarantees, or an Agent's Message, with all other required documentation, must in any case be transmitted to and received by the Exchange Agent at its address listed under “—Exchange Agent” on or prior to

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the Expiration Date, or you must comply with the guaranteed delivery procedures described below under “—Guaranteed Delivery Procedures.”

If your Old Notes are held through DTC, you must complete the accompanying form called “Instructions to Registered Holder and/or Book-Entry Participant,” which will instruct the DTC participant through whom you hold your Old Notes of your intention to tender your Old Notes or not tender your Old Notes. Please note that delivery of documents or instructions to DTC does not constitute delivery to the Exchange Agent and we will not be able to accept your tender of Old Notes until the Exchange Agent actually receives from DTC the information and documentation described under “—Acceptance of Old Notes for Exchange; Delivery of Old Notes.”

Guaranteed Delivery Procedures

If you are a registered holder of Old Notes and you want to tender your Old Notes but the procedure for book-entry transfer cannot be completed prior to the Expiration Date, your Old Notes are not immediately available or time will not permit your Old Notes to reach the Exchange Agent before the Expiration Date, a tender may be effected if:

- the tender is made through an Eligible Institution, as defined above,
- prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution, by facsimile transmission, mail or hand delivery, a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided by us, or an Agent’s Message with respect to guaranteed delivery in lieu thereof, in either case stating:
 - the name and address of the holder of Old Notes,
 - the amount of Old Notes tendered,
 - that the tender is being made by delivering such notice and guaranteeing that, within three New York Stock Exchange trading days after the Expiration Date, a Book-Entry Confirmation or the certificates for all physically tendered Old Notes, in proper form for transfer, together with either an appropriate Agent’s Message or a properly completed and duly executed letter of transmittal in lieu thereof, and all other required documentation, will be deposited by that Eligible Institution with the Exchange Agent, and
- a Book-Entry Confirmation or the certificates for all physically tendered Old Notes, in proper form for transfer, together with either an appropriate Agent’s Message or a properly completed and duly executed letter of transmittal in lieu thereof, and all other required documentation, are received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date.

Withdrawal Rights

You can withdraw your tender of Old Notes at any time on or prior to _____, New York City time, on the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal must be actually received by the Exchange Agent prior to such time, properly transmitted either through DTC’s ATOP or to the Exchange Agent at the address listed below under “—Exchange Agent.” Any notice of withdrawal must:

- specify the name of the person having tendered the Old Notes to be withdrawn;
- identify the Old Notes to be withdrawn;
- specify the principal amount of the Old Notes to be withdrawn;

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- contain a statement that the tendering holder is withdrawing its election to have such Notes exchanged for New Notes;
- except in the case of a notice of withdrawal transmitted through DTC's ATOP system, be signed by the holder in the same manner as the original signature on the letter of transmittal by which the Old Notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the Old Notes register the transfer of the Old Notes in the name of the person withdrawing the tender;
- if certificates for Old Notes have been delivered to the Exchange Agent, specify the name in which the Old Notes are registered, if different from that of the withdrawing holder;
- if certificates for Old Notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of those certificates, specify the serial numbers of the particular certificates to be withdrawn, and, except in the case of a notice of withdrawal transmitted through DTC's ATOP system, include a notice of withdrawal signed in the same manner as the letter of transmittal by which the Old Notes were tendered, including any required signature guarantees; and
- if Old Notes have been tendered using the procedure for book-entry transfer described above, specify the name and number of the account at DTC from which the Old Notes were tendered and the name and number of the account at DTC to be credited with the withdrawn Old Notes, and otherwise comply with the procedures of DTC.

Please note that all questions as to the validity, form, eligibility and time of receipt of notices of withdrawal will be determined by us, and our determination shall be final and binding on all parties. Any Old Notes so withdrawn will be considered not to have been validly tendered for exchange for purposes of the exchange offer. New Notes will not be issued in exchange for such withdrawn Old Notes unless the Old Notes so withdrawn are validly re-tendered.

If you have properly withdrawn Old Notes and wish to re-tender them, you may do so by following one of the procedures described under “—Procedures for Tendering Old Notes” above at any time on or prior to the Expiration Date.

Conditions to the Exchange Offer

Notwithstanding any other provisions of the exchange offer, we will not be required to accept for exchange, or to issue New Notes in exchange for, any Old Notes and may terminate or amend the exchange offer, if we determine in our reasonable judgment at any time before the Expiration Date that the exchange offer would violate applicable law or any applicable interpretation of the staff of the SEC.

The foregoing conditions are for our sole benefit and may be waived by us regardless of the circumstances giving rise to that condition. Our failure at any time to exercise the foregoing rights shall not be considered a waiver by us of that right. The rights described in the prior paragraph are ongoing rights which we may assert at any time and from time to time.

In addition, we will not accept for exchange any Old Notes tendered, and no New Notes will be issued in exchange for any such Old Notes, if at any time any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the Indenture under the Trust Indenture Act.

We reserve the right to terminate or amend the exchange offer at any time prior to the Expiration Date upon the occurrence of any of the foregoing events.

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Exchange Agent

U.S. Bank National Association has been appointed as the Exchange Agent for the exchange offer. All executed letters of transmittal, notices of guaranteed delivery, notices of withdrawal and any other required documentation should be directed to the Exchange Agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the Exchange Agent, addressed as follows:

Deliver To:

By registered or certified mail, hand delivery or overnight courier:

By facsimile:

For information call:

(651) 495-8158

(651) 495-3520

U.S. Bank Corporate Trust
Attn: Lori Buckles — Specialized
Finance
60 Livingston Avenue
2nd Floor
St. Paul, MN 55107

Delivery to an address other than the address of the Exchange Agent as listed above or transmission of instructions via facsimile other than as listed above does not constitute a valid delivery.

Fees and Expenses

The principal solicitation is being made by mail; however, additional solicitation may be made by telephone or in person by our officers, regular employees and affiliates. We will not pay any additional compensation to any of our officers and employees who engage in soliciting tenders. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offer. However, we will pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with the exchange offer.

The estimated cash expenses to be incurred in connection with the exchange offer, including legal, accounting, SEC filing, printing and Exchange Agent expenses, will be paid by us and are estimated in the aggregate to be \$305,000.

Transfer Taxes

Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection therewith, except that holders who instruct us to register New Notes in the name of, or request that Old Notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax.

Resale of the New Notes

Under existing interpretations of the staff of the SEC contained in several no-action letters to third parties, the New Notes would in general be freely transferable by holders thereof (other than affiliates of us) after the exchange offer without further registration under the Securities Act (subject to certain representations required to be made by each holder of Old Notes participating in the exchange offer, as set forth below). The relevant no-action letters include the Exxon Capital Holdings Corporation letter, which was made available by the SEC on May 13, 1988, the Morgan Stanley & Co. Incorporated letter, which was made available by the SEC on June 5, 1991, the K-111 Communications Corporation letter, which was made available by the SEC on May 14, 1993, and the Shearman & Sterling letter, which was made available by the SEC on July 2, 1993.

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However, any purchaser of Old Notes who is an “affiliate” of ours or who intends to participate in the exchange offer for the purpose of distributing the New Notes:

- will not be able to rely on such SEC interpretation;
- will not be able to tender its Old Notes in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of Old Notes unless such sale or transfer is made pursuant to an exemption from those requirements.

By executing, or otherwise becoming bound by, the letter of transmittal, each holder of the Old Notes will represent that:

- any New Notes to be received by such holder will be acquired in the ordinary course of its business;
- it has no arrangements or understandings with any person to participate in the distribution of the Notes within the meaning of the Securities Act; and
- it is not an “affiliate” of us or, if it is such an affiliate, such holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

We have not sought, and do not intend to seek, a no-action letter from the SEC with respect to the effects of the exchange offer, and there can be no assurance that the SEC staff would make a similar determination with respect to the New Notes as it has made in previous no-action letters.

In addition, in connection with any resales of those Old Notes, each exchanging dealer, as defined below, receiving New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such exchanging dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes. See “Plan of Distribution.”

The SEC has taken the position in the Shearman & Sterling no-action letter, which it made available on July 2, 1993, that exchanging dealers may fulfill their prospectus delivery requirements with respect to the New Notes, other than a resale of an unsold allotment from the original sale of the Old Notes, by delivery of the prospectus contained in the exchange offer registration statement.

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the Registration Rights Agreements we entered into in connection with the private offering of the Old Notes. We will not receive any cash proceeds from the issuance of the New Notes under the exchange offer. In consideration for issuing the New Notes as contemplated by this prospectus, we will receive Old Notes in like principal amounts, the terms of which are identical in all material respects to the New Notes, subject to limited exceptions. Old Notes surrendered in exchange for New Notes will be retired and canceled and cannot be reissued. Accordingly, the issuance of the New Notes will not result in any increase in our indebtedness.

American deposited the entire proceeds from the sale of the Old Notes with the Trustee under the Indenture to be held by the Trustee as cash collateral for American's obligations under the Notes. See "Description of the Notes — Collateral."

DESCRIPTION OF THE NOTES

The following summary describes certain material terms of the Notes. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Notes, the Indenture and the Aircraft Security Agreement (collectively, the “*Operative Documents*”). We urge you to read each of the Operative Documents for additional detail and further information because they, and not this description, define your rights. Each of the Operative Documents and specimen copies of the Notes have been filed as exhibits to the registration statement of which this prospectus constitutes a part. Copies are available as set forth under “Where You Can Find More Information.” The references to Sections in parentheses in the following summary are to the relevant Sections of the applicable Operative Document.

General

The American Airlines, Inc. 13.0% 2009-2 Secured Notes due 2016 (the “*Old Notes*”) were issued on July 31, 2009 (the “*Issuance Date*”) under an Indenture (the “*Indenture*”) between American and U.S. Bank Trust National Association, as trustee (the “*Trustee*”).

The New Notes will be issued pursuant to the Indenture. The forms and terms of the New Notes are the same in all material respects as the form and terms of the Old Notes, except that the New Notes:

- are registered under the Securities Act and will not be subject to restrictions on transfer;
- will bear a different CUSIP and ISIN number than the Old Notes;
- will not entitle their holders to registration rights; and
- will be subject to terms relating to book-entry procedures and administrative terms relating to transfers that differ from those of the Old Notes.

The New Notes will be issued only in fully registered form, without coupons, in minimum denominations of \$2,000 or integral multiples of \$1,000 in excess thereof, except that one Note may be issued in a different denomination. (Indenture, Section 2.01(b)) The Notes are secured by a lien on the collateral and are full recourse obligations of American. See “— Collateral.” The New Notes will be subject to the provisions described below under “— Book-Entry, Delivery and Form.”

Although separate Notes are not issued with respect to each Aircraft, the Indenture specifies that a certain portion of the outstanding principal amount of the Notes is allocable to each Aircraft (the “*Allocable Portion*”). The Allocable Portion of the Notes with respect to each Aircraft on the Cut-Off Date and each Payment Date is specified in Appendix III. For any date before the first Payment Date, the Allocable Portion of the Notes with respect to each Aircraft will be the amount specified in Appendix III for the Cut-Off Date. For any date after the first Payment Date, other than a Payment Date, the Allocable Portion of the Notes with respect to each Aircraft will be the amount specified in Appendix III for the Payment Date that immediately precedes such date.

Payments of Principal and Interest

The Notes are limited to \$276,400,000 of principal in the aggregate. Subject to the provisions of the Indenture, payments of principal on the Notes are scheduled to be paid on each February 1 and August 1, commencing February 1, 2010 (each February 1 and August 1, a “*Payment Date*”), until August 1, 2016 (the “*Scheduled Maturity Date*”) as set forth below.

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Payment Date	Principal Payment Amount
February 1, 2010	\$18,405,129.71
August 1, 2010	17,859,800.03
February 1, 2011	17,313,071.43
August 1, 2011	16,766,342.88
February 1, 2012	16,219,614.32
August 1, 2012	15,672,885.72
February 1, 2013	15,126,157.20
August 1, 2013	14,579,428.57
February 1, 2014	14,032,700.21
August 1, 2014	13,485,971.65
February 1, 2015	13,911,204.82
August 1, 2015	13,182,233.36
February 1, 2016	12,453,261.99
August 1, 2016	77,392,198.11

If fewer than all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date and the Allocable Portion of the Notes attributable to each Aircraft that has not been subjected to the lien of the Aircraft Security Agreement is redeemed, or if any Aircraft subjected to the lien of the Aircraft Security Agreement suffers an Event of Loss and the Allocable Portion of the Notes with respect to such Aircraft is redeemed, in each case as set forth under “— Redemption — Mandatory Redemption,” the foregoing principal payment schedule will change. Such schedule will be recomputed to give effect to such redemptions and notice thereof will be delivered to the Noteholders as provided in the Indenture. (Indenture, Section 2.07(b))

Interest accrues on the unpaid principal amount of each Note at the fixed rate per annum set forth on the cover page of this prospectus, subject to a potential increase if we fail to obtain ratings for the Notes as described in “Exchange Offer; Registration Rights; Ratings” (the “*Stated Interest Rate*”). Interest on the Notes is payable on each Payment Date. Interest on the Notes accrues from the most recent date to which interest has been paid or, if no interest has been paid, from the Issuance Date. Interest on the Notes is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal and interest are made to holders of record of the Notes on the 15th day preceding the applicable Payment Date, whether or not such record date is a Business Day. If any date scheduled for a payment of principal, interest or Make-Whole Amount, if any, is not a Business Day, such payment will be made on the next succeeding Business Day without additional interest. (Indenture, Section 2.07(d))

If the money for purposes of any payment of principal or interest on the Notes has not been deposited, in whole or in part, with the Trustee by American on any Payment Date, the Trustee will make such payment on the next Business Day on which some or all of the money has been deposited with the Trustee. However, if some or all of the money has not been deposited with the Trustee for purposes of making a payment of principal or interest on the Notes within five days after the Payment Date for such payment, American will be required to fix a special payment date and special record date for such payment and to give written notice to the Noteholders of such special dates and the amount of defaulted principal or interest to be paid.

“*Business Day*” means any day other than: a Saturday, a Sunday, or other day on which commercial banks are authorized or required by law to close in New York, New York, Fort Worth, Texas, or the city and state in which the Trustee is located.

Redemption

Mandatory Redemption

If fewer than all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date for any reason, on the Cut-Off Redemption Date, American will be required to redeem the

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Allocable Portion of the Notes with respect to each Aircraft that has not been subjected to the lien of the Aircraft Security Agreement. In the case of a redemption for any reason other than because of the occurrence with respect to such Aircraft of a 1999-1 Event of Loss (or an event that would constitute a 1999-1 Event of Loss but for the requirement that notice be given or time elapse or both), the redemption price in such case will be the Allocable Portion of the Notes with respect to such Aircraft, together with all accrued and unpaid interest on such Allocable Portion to (but excluding) the date of redemption, plus the Make-Whole Amount, if any, with respect to such Allocable Portion and all other obligations with respect to such Aircraft owed or then due and payable to the Noteholders. (Indenture, Section 2.19(b)) In the case of a redemption because of the occurrence with respect to such Aircraft of a 1999-1 Event of Loss (or an event that would constitute a 1999-1 Event of Loss but for the requirement that notice be given or time elapse or both), the redemption price in such case will be the Allocable Portion of the Notes with respect to such Aircraft, together with all accrued and unpaid interest on such Allocable Portion to (but excluding) the date of redemption, but without any Make-Whole Amount or other premium, and all other obligations with respect to such Aircraft owed or then due and payable to the Noteholders. (Indenture, Section 2.19(a)) In each case, upon any such partial redemption with respect to an Aircraft, Cash Collateral in an amount equal to the Allocable Portion of the Notes attributable to such Aircraft will be released to American so long as no Event of Default shall have occurred and be continuing, and the obligation of American thereafter to make the scheduled interest and principal payments with respect to such Allocable Portion of the Notes will cease. (Indenture, Section 1.03(e)) The investment earnings on all such Cash Collateral shall be paid over to American on the last day on which any Cash Collateral with respect to the Allocable Portion of the Notes attributable to any Aircraft is released to American.

If an Event of Loss occurs with respect to an Aircraft that has been subjected to the lien of the Aircraft Security Agreement and such Aircraft is not replaced by American under the Aircraft Security Agreement as set forth under “— Certain Provisions of the Aircraft Security Agreement — Event of Loss,” American will be required to redeem the Allocable Portion of the Notes with respect to such Aircraft. The redemption price in such case will be the Allocable Portion of the Notes with respect to such Aircraft, together with all accrued and unpaid interest on such Allocable Portion to (but excluding) the date of redemption, but without any premium, and all other obligations with respect to such Aircraft owed or then due and payable to the Noteholders. (Indenture, Section 2.19(c)) Following such partial redemption, the lien on such Aircraft under the Aircraft Security Agreement will be released and such Aircraft will no longer secure the amounts that may be owing under the Indenture or the Aircraft Security Agreement. (Aircraft Security Agreement, Section 7.05) In addition, the obligation of American thereafter to make the scheduled interest and principal payments with respect to such Allocable Portion of the Notes will cease.

Optional Redemption

All, but not less than all, of the Notes may be redeemed prior to maturity at any time, at the option of American. The redemption price in such case will be equal to 100% of the unpaid principal thereof, together with all accrued and unpaid interest thereon to (but excluding) the date of redemption, plus the Make-Whole Amount (if any), and all other obligations owed or then due and payable to Noteholders under the Indenture. (Indenture, Section 2.20)

General

With respect to any redemption, the Trustee will send to each Noteholder a notice of redemption at least 15 days but not more than 60 days before any redemption date. If applicable, such notice shall identify the Allocable Portion of the Notes to be redeemed. If less than all of the Notes are to be redeemed, the Notes will be redeemed on a pro rata basis. On the redemption date, interest will cease to accrue on the Notes or the Allocable Portion thereof called for redemption, unless American fails to make the redemption payment for such Notes. (Indenture, Section 2.24)

“*Make-Whole Amount*” means, with respect to the Notes or any Allocable Portion of the Notes, the amount (as determined by an independent investment banker selected by American (and, following the occurrence and during the continuance of an Event of Default, reasonably acceptable to the Trustee)), if any, by which (i) the present value of the remaining scheduled payments of principal and interest (or in the case of any Allocable Portion of the Notes, the remaining amounts listed in Appendix III under “Scheduled Principal Payment” for the relevant Aircraft plus scheduled payments of interest thereon) from the redemption date to, and including, the Scheduled

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Maturity Date computed by discounting each such payment on a semiannual basis from its respective payment date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield plus 0.75% (such percentage, the “*Make-Whole Spread*”), exceeds (ii) the outstanding aggregate principal amount of the Notes or such Allocable Portion plus accrued but unpaid interest thereon to the date of redemption. (Indenture, Annex A)

For purposes of determining the Make-Whole Amount, “*Treasury Yield*” means, at the date of determination, the interest rate (expressed as a semiannual equivalent and as a decimal rounded to the number of decimal places as appears in the interest rate applicable to the Notes and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the Average Life Date and trading in the public securities market either as determined by interpolation between the most recent weekly average constant maturity, non-inflation-indexed series yield to maturity for two series of United States Treasury securities, trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date and (B) the other maturing as close as possible to, but later than, the Average Life Date, in each case as reported in the most recent H.15(519) or, if a weekly average constant maturity, non-inflation-indexed series yield to maturity for United States Treasury securities maturing on the Average Life Date is reported in the most recent H.15(519), such weekly average yield to maturity as reported in such H.15(519). “*H.15(519)*” means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable redemption date and the “*most recent H.15(519)*” means the latest H.15(519) published prior to the close of business on the third Business Day prior to the applicable redemption date. (Indenture, Annex A)

“*Average Life Date*” for the Notes or each Allocable Portion of the Notes to be redeemed shall be the date which follows the redemption date by a period equal to the Remaining Weighted Average Life at the redemption date of the Notes or such Allocable Portion. “*Remaining Weighted Average Life*” of the Notes or any Allocable Portion of the Notes, at the redemption date of the Notes or such Allocable Portion, shall be the number of days equal to the quotient obtained by dividing: (i) the sum of the products obtained by multiplying (A) the amount of each then remaining installment of principal, including the payment due on the Scheduled Maturity Date (or in the case of any Allocable Portion of the Notes, each remaining amount listed in Appendix III under “Scheduled Principal Payment” for the relevant Aircraft to, and including, the Scheduled Maturity Date), by (B) the number of days from and including the redemption date to but excluding the scheduled payment date of such principal installment (or in the case of the any Allocable Portion of the Notes, the scheduled payment date for such amount so listed in Appendix III) by (ii) the then unpaid principal amount of the Notes or such Allocable Portion. (Indenture, Annex A)

Collateral

On the Issuance Date, American entered into the Indenture with the Trustee, providing for the grant of a security interest in the Cash Collateral. The Trustee invested the Cash Collateral in certain permitted investments and any interest accruing on the Cash Collateral is, so long as no Event of Default shall have occurred and be continuing, for American’s account. The investment earnings on the Cash Collateral shall be paid over to American on the last day on which any Cash Collateral with respect to the Allocable Portion of the Notes attributable to any Aircraft is released to American.

On and subject to the terms and conditions of the Indenture, American agreed to subject the Aircraft to the lien of the Aircraft Security Agreement following the 1999-1 Maturity Date and on or prior to the Cut-Off Date. This includes an assignment for security purposes to the Security Agent of certain of American’s warranty rights with respect to such Aircraft under its purchase agreements with Boeing. (Aircraft Security Agreement, Granting Clause) The subjection of each Aircraft to the lien of the Aircraft Security Agreement is subject to a number of terms and conditions, including that no Event of Default (or an event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both) under the Indenture shall have occurred and be continuing; that no 1999-1 Event of Loss (or an event that would constitute a 1999-1 Event of Loss but for the requirement that notice be given or time elapse or both) with respect to such Aircraft shall have occurred and be continuing; that there shall be no liens on such Aircraft (including the liens created under the applicable 1999-1 Indenture), other than certain “permitted liens” as defined in the Indenture; that there shall be an assignment for security purposes of certain of American’s rights under its purchase agreement with the manufacturer of such

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Aircraft; and that American's General Counsel shall have provided an opinion that the benefit of Section 1110 will be available with respect to such Aircraft. The Aircraft may be subjected to the lien of the Aircraft Security Agreement on different dates.

Release of Cash Collateral

On and subject to the terms of the Indenture, once an Aircraft has been subjected to the lien of the Aircraft Security Agreement, and provided that no Event of Default shall have occurred and be continuing, the Trustee shall release an amount of Cash Collateral equal to the Allocable Portion of the Notes attributable to such Aircraft to American. The investment earnings on all such Cash Collateral shall be paid over to American on the last day on which any Cash Collateral with respect to the Allocable Portion of the Notes attributable to any Aircraft is released to American.

Since the Aircraft may be subjected to the lien of the Aircraft Security Agreement at various times following the 1999-1 Maturity Date and on or prior to the Cut-Off Date, no assurance can be given that all of the terms and conditions therefor in the Indenture will be satisfied on or prior to the Cut-Off Date. In particular, there is a chance that an Aircraft might suffer a 1999-1 Event of Loss (or an event that would constitute a 1999-1 Event of Loss but for the requirement that notice be given or time elapse or both) on or prior to the Cut-Off Date. If for this or other reasons fewer than all of the Aircraft have been subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date, American will be obligated to redeem the Allocable Portion of the Notes with respect to each Aircraft that was not subjected to the lien of the Aircraft Security Agreement, as described under "— Redemption — Mandatory Redemption" above. Following such redemptions, Cash Collateral in an amount equal to such Allocable Portion of the Notes will be released to American so long as no Event of Default shall have occurred and be continuing. (Indenture, Section 1.03(e))

Cash

Cash, including the Cash Collateral and funds held as the result of an occurrence of Event of Loss with respect to an Aircraft, held from time to time by the Trustee or the Security Agent, as the case may be, is invested and reinvested by the Trustee or the Security Agent, as the case may be, at the direction of American, in investments described in the Indenture or the Aircraft Security Agreement, as the case may be. (Indenture, Section 5.06; Aircraft Security Agreement, Section 5.06) Such investments are not entitled to the benefits of Section 1110. See "Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Payment on the Notes and the ability to exercise remedies with respect to certain collateral may be restricted in the case of a bankruptcy of American."

Loan to Value Ratios of Notes

The tables in Appendix III to this prospectus set forth LTVs for the Allocable Portion of the Notes with respect to each Aircraft as of the Cut-Off Date and each Payment Date. For any date before the first Payment Date, the Allocable Portion of the Notes with respect to each Aircraft will be the amount specified in Appendix III for the Cut-Off Date. For any date after the first Payment Date, other than a Payment Date, the Allocable Portion of the Notes with respect to each Aircraft will be the amount specified in Appendix III for the Payment Date that immediately precedes such date.

The LTVs for the Cut-Off Date and each Payment Date listed in the tables in Appendix III were obtained by dividing (i) the Allocable Portion of the Notes with respect to each Aircraft (assuming all of the Aircraft are subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date, and that no Payment Default or redemption has occurred) determined immediately after giving effect to any principal payments scheduled to be made on each such date by (ii) the assumed aircraft value (the "Assumed Aircraft Value") on such date, calculated based on the Depreciation Assumption, of such Aircraft.

The tables in Appendix III are based on the assumption (the "Depreciation Assumption") that the Assumed Aircraft Value of each Aircraft depreciates annually by approximately 3% of the value at delivery per year for the first 15 years after delivery of such Aircraft by the manufacturer, by approximately 4% per year thereafter for the next five years and by approximately 5% each year after that. The appraised value of each Aircraft is the theoretical

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value that, when depreciated from the initial delivery of such Aircraft by the manufacturer in accordance with the Depreciation Assumption, results in the appraised value of such Aircraft specified under “Prospectus Summary — The Aircraft” and “Description of the Aircraft and the Appraisals — The Appraisals.”

Other rates or methods of depreciation could result in materially different LTVs, and no assurance can be given (i) that the depreciation rate and method assumed for the purposes of the tables are the ones most likely to occur or (ii) as to the actual future value of any Aircraft. Thus, the tables should not be considered a forecast or prediction of expected or likely LTVs, but simply a mathematical calculation based on one set of assumptions. See “Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Appraisals should not be relied upon as a measure of realizable value of the Aircraft.”

Events of Default

Each of the following constitutes an “*Event of Default*” with respect to the Notes:

- the failure by American to pay any interest, principal or Make-Whole Amount (if any) within 15 days after the same has become due on any Note (such failure, without giving effect to any such notice or grace period, a “*Payment Default*”);
- the failure by American to pay any amount (other than interest, principal or Make-Whole Amount (if any)) when due under the Indenture or any Note for more than 30 days after American receives written notice from the Trustee or the holders of at least 25% of the principal amount of the outstanding Notes;
- the failure by American to perform or observe in any material respect any other covenant, condition or agreement to be performed or observed by it under the Indenture (other than American’s obligation to subject the Aircraft to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date) that continues for a period of 60 days after American receives written notice from the Trustee or the holders of at least 25% of the principal amount of the outstanding Notes; *provided* that, if such failure is capable of being remedied, no such failure will constitute an Event of Default for a period of one year after such notice is received by American so long as American is diligently proceeding to remedy such failure;
- any representation or warranty made by American in the Indenture or in any Note proves to have been incorrect in any material respect when made, and such incorrectness continues to be material to the transactions contemplated by the Indenture and remains unremedied for a period of 60 days after American receives written notice from the Trustee or the holders of at least 25% of the principal amount of the outstanding Notes; *provided* that, if such incorrectness is capable of being remedied, no such incorrectness will constitute an Event of Default for a period of one year after such notice is received by American so long as American is diligently proceeding to remedy such incorrectness;
- the occurrence of certain events of bankruptcy, reorganization or insolvency of American (each, an “*American Bankruptcy Event*”); or
- after the Aircraft Security Agreement is entered into, the occurrence of an Aircraft Security Event of Default. (Indenture, Section 4.01)

Each of the following constitutes an “*Aircraft Security Event of Default*” with respect to the Notes:

- the failure by American to pay to the Security Agent any amount when due under the Aircraft Security Agreement for more than 30 days after American receives written notice from the Security Agent or the Trustee;

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- the failure by American to carry and maintain (or cause to be maintained) insurance or indemnity on or with respect to any Aircraft that has been subjected to the lien of the Aircraft Security Agreement in accordance with the provisions of the Aircraft Security Agreement; *provided* that no such failure to carry and maintain insurance will constitute an Aircraft Security Event of Default until the earlier of (i) the date such failure has continued unremedied for a period of 30 days after the Security Agent receives notice of the cancellation or lapse of such insurance or (ii) the date such insurance is not in effect as to the Security Agent;
- the failure by American to perform or observe (or cause to be performed or observed) in any material respect any other covenant, condition or agreement to be performed or observed by it under the Aircraft Security Agreement that continues for a period of 60 days after American receives written notice from the Security Agent or the Trustee; *provided* that, if such failure is capable of being remedied, no such failure will constitute an Aircraft Security Event of Default for a period of one year after such notice is received by American so long as American is diligently proceeding to remedy such failure; or
- any representation or warranty made by American in the Aircraft Security Agreement proves to have been incorrect in any material respect when made, and such incorrectness continues to be material to the transactions contemplated by the Aircraft Security Agreement and remains unremedied for a period of 60 days after American receives written notice from the Security Agent or the Trustee; *provided* that, if such incorrectness is capable of being remedied, no such incorrectness will constitute an Aircraft Security Event of Default for a period of one year after such notice is received by American so long as American is diligently proceeding to remedy such incorrectness;

provided that notwithstanding anything to the contrary contained in the foregoing, any failure by American to perform or observe any covenant, condition or agreement shall not constitute an Aircraft Security Event of Default if such failure arises by reason of an event referred to in the definition of “Event of Loss” so long as American is continuing to comply with all of the terms described under “— Certain Provisions of the Aircraft Security Agreement — Event of Loss.” (Aircraft Security Agreement, Section 4.01)

If an event occurs and is continuing which is, or after notice or passage of time, or both, would be an Event of Default (a “*Default*”) and if such Default is known to the Trustee, the Trustee shall mail to American, the Security Agent and each Noteholder notice of such Default within 90 days after the occurrence thereof except as otherwise permitted by the Trust Indenture Act. Except in the case of a Payment Default, the Trustee may withhold the notice if and so long as it, in good faith, determines that withholding the notice is in the interests of the Noteholders. (Indenture, Section 5.05)

Remedies

If an Event of Default (other than an American Bankruptcy Event) occurs and is continuing, the Trustee may, and upon receipt of written instruction of the holders of a majority of the principal amount of the outstanding Notes, the Trustee shall, declare by notice to American, all unpaid principal of, and accrued but unpaid interest on, the outstanding Notes and other amounts otherwise payable under the Indenture, if any, to be due and payable immediately (without premium). If an American Bankruptcy Event occurs, such amounts shall be due and payable without any declaration or other act on the part of the Trustee or any Noteholder. The holders of a majority of the principal amount of the outstanding Notes by notice to the Trustee may rescind an acceleration and its consequences if (i) there has been paid to or deposited with the Trustee an amount sufficient to pay all overdue installments of principal and interest on the Notes, and all other amounts owing under the Operative Documents, that have become due otherwise than by such declaration of acceleration and (ii) all other Events of Default, other than nonpayment of principal amount or interest on the Notes that have become due solely because of such acceleration, have been cured or waived; *provided* that no such rescission or annulment will extend to or affect any subsequent Default or Event of Default or impair any right consequent thereon. (Indenture, Section 4.02(d))

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The holders of a majority of the principal amount of the outstanding Notes by notice to the Trustee may authorize the Trustee to waive an existing Default or Event of Default and its consequences, except a Default or Event of Default (i) in the payment of principal of, interest on, or Make-Whole Amount, if any, with respect to, any Note (other than with the consent of the holder thereof) or (ii) in respect of a covenant or provision of the Indenture or the Aircraft Security Agreement that cannot be amended or supplemented without the consent of each Noteholder affected thereby. See “— Modifications and Waiver of the Indenture and Certain Other Operative Documents.” When a Default or Event of Default is waived, it is cured and ceases, and American, the Noteholders, the Trustee and the Security Agent shall be restored to their former positions and rights hereunder respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. (Indenture, Section 4.05)

No Noteholder may institute any remedy with respect to the Indenture, the Aircraft Security Agreement or the Notes unless such Noteholder has previously given to the Trustee written notice of a continuing Event of Default, the holders of at least 25% of the principal amount of the outstanding Notes have requested in writing that the Trustee pursue the remedy, such holder has offered the Trustee indemnity against any loss, liability and expense satisfactory to the Trustee, the Trustee has failed so to act for 60 days after receipt of the same and during such 60 day period, the holders of a majority of the principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with the request. (Indenture, Section 4.06) Notwithstanding the foregoing, the right of any Noteholder to receive payment when due of principal, interest and Make-Whole Amount, if any, or to bring suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such Noteholder. (Indenture, Section 4.09)

The holders of a majority of the principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee (subject, in the case of any actions based on the status of the Trustee as trustee, to any limitations otherwise expressly provided for in the Operative Documents) or exercising any trust or power conferred on it; *provided* that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction. The Trustee may refuse to follow any direction or authorization if the Trustee has been advised by counsel that such action requested is contrary to the Indenture or is otherwise contrary to law. The Trustee shall have no obligation to take any action requested by the Noteholders unless it receives a satisfactory indemnification from them for following any actions or omissions to act which are in accordance with any such direction or authorization. (Indenture, Sections 4.02(b) and 5.01(d))

The Indenture and the Aircraft Security Agreement provide that, if an Event of Default has occurred and is continuing, the Trustee or the Security Agent, as the case may be, may exercise certain rights or remedies available to it under the Indenture and the Aircraft Security Agreement or under applicable law. Such remedies include the right to take possession of any Aircraft subject to the Aircraft Security Agreement and to sell all or any part of the Airframe or any Engine comprising such Aircraft. (Indenture, Section 4.02(a); Aircraft Security Agreement, Section 4.02(a))

If an Event of Default occurs and is continuing, any sums held or received by the Trustee may be applied to reimburse the Trustee and the Security Agent for any tax, expense or other loss incurred by it and to pay any other amounts due to the Trustee or the Security Agent prior to any payments to Noteholders. (Indenture, Section 3.03)

In the case of Chapter 11 bankruptcy proceedings in which an air carrier is a debtor, Section 1110 provides special rights to holders of security interests with respect to “equipment” (as defined in Section 1110). Section 1110 provides that, subject to the limitations specified therein, the right of a secured party with a security interest in “equipment” to take possession of such equipment in compliance with the provisions of a security agreement and to enforce any of its rights or remedies thereunder is not affected after 60 days after the date of the order for relief in a case under Chapter 11 of the Bankruptcy Code by any provision of the Bankruptcy Code. Section 1110, however, provides that the right to take possession of an aircraft and enforce other remedies may not be exercised for 60 days following the date of the order for relief (or such longer period consented to by the holder of a security interest and approved by the court) and may not be exercised at all after such period if the trustee in reorganization agrees, subject to the approval of the court, to perform the debtor’s obligations under the security agreement and cures all defaults (other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code, such as a default that is a breach of a provision relating to the financial condition, bankruptcy or insolvency of the debtor).

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“*Equipment*” is defined in Section 1110, in part, as “an aircraft, aircraft engine, propeller, appliance, or spare part (as defined in section 40102 of title 49 of the United States Code) that is subject to a security interest granted by, leased to, or conditionally sold to a debtor that, at the time such transaction is entered into, holds an air carrier operating certificate issued pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo.”

It is a condition to the subjection of an Aircraft to the lien of the Aircraft Security Agreement that American’s General Counsel provide an opinion to the Trustee and the Security Agent that, if American were to become a debtor under Chapter 11 of the Bankruptcy Code, the Trustee would be entitled to the benefits of Section 1110 with respect to the Airframe and Engines comprising such Aircraft. This opinion will be subject to certain qualifications and assumptions.

The opinion of American’s General Counsel will not address the possible replacement of an Aircraft after an Event of Loss in the future, the consummation of which is conditioned upon the contemporaneous delivery of an opinion of counsel to the effect that the Security Agent will be entitled to Section 1110 benefits with respect to the replacement Airframe unless there is a change in law or court interpretation that results in Section 1110 not being available. See “— Certain Provisions of the Aircraft Security Agreement — Events of Loss.” The opinion of American’s General Counsel also will not address the availability of Section 1110 with respect to the bankruptcy proceedings of any possible lessee of an Aircraft if it is leased by American.

Post Default Appraisals

Upon the occurrence and continuation of an Event of Default, the Trustee will be required to obtain three desktop appraisals from the Appraisers or other appraisers selected by the holders of a majority of the principal amount of the outstanding Notes setting forth the appraised current market value, current lease rate and distressed value (in each case, as defined by the International Society of Transport Aircraft Trading or any successor organization) of the Aircraft subject to the lien of the Aircraft Security Agreement (each such appraisal, an “*Appraisal*”). For so long as any Event of Default shall be continuing, the Trustee will be required to obtain additional Appraisals on the date that is 364 days from the date of the most recent Appraisal or if an American Bankruptcy Event shall have occurred and is continuing, on the date that is 180 days from the date of the most recent Appraisal and shall post such Appraisals on the DTC’s Internet bulletin board or make such other commercially reasonable efforts as the holders of a majority of the principal amount of the outstanding Notes may deem appropriate to make such Appraisals available to all Noteholders. (Indenture, Section 4.02(e))

Priority of Distributions

During the existence of an Event of Default, if the Notes have become due and payable in full as described in “— Remedies,” all amounts received by the Trustee in respect of the Notes will be promptly paid in the following order:

- to the Trustee or the Security Agent, to the extent required to pay, reimburse or indemnify for any tax, expense or loss actually incurred by the Trustee or the Security Agent and to pay certain out-of-pocket costs and expenses actually incurred by the Trustee or the Security Agent;
- to reimburse any Noteholder in respect of indemnification payments made to the Trustee or the Security Agent in connection with actions taken by the Trustee or the Security Agent at the direction of the Noteholders (including actions taken in connection with the exercise of remedies), in each case, pro rata;
- to the Noteholders, to the extent required to pay in full amounts due on the Notes; and
- to the Company. (Indenture, Section 3.03)

Reports

Promptly after the occurrence of an American Bankruptcy Event or an Event of Default resulting from the failure of American to make payments on any Note and on every Payment Date while the American Bankruptcy Event or such Event of Default shall be continuing, the Trustee will provide to the Noteholders and American a statement setting forth the following information:

- after an American Bankruptcy Event, with respect to each Aircraft subject to the lien of the Aircraft Security Agreement, whether such Aircraft is (i) subject to the 60-day period of Section 1110, (ii) subject to an election by American under Section 1110(a) of the Bankruptcy Code, (iii) covered by an agreement contemplated by Section 1110(b) of the Bankruptcy Code or (iv) not subject to any of (i), (ii) or (iii);
- to the best of the Trustee's knowledge, after requesting such information from American, (i) whether each such Aircraft is currently in service or parked in storage, (ii) the maintenance status of such Aircraft and (iii) location of the Engines associated with such Aircraft. American has agreed to provide such information upon request of the Trustee, but no more frequently than every three months with respect to each Aircraft so long as it is subject to the lien of the Aircraft Security Agreement;
- the current aggregate outstanding principal amount of the Notes and the Allocable Portion of the Notes for each such Aircraft as of the next Payment Date;
- the expected amount of interest which will have accrued on the Notes as of the next Payment Date;
- other amounts expected to be paid to each person on the next Payment Date pursuant to the Indenture;
- details of the amounts expected to be paid on the next Payment Date identified by reference to the relevant provision of the Indenture; and
- after an American Bankruptcy Event, any operational reports filed by American with the bankruptcy court which are available to the Trustee on a non-confidential basis. (Indenture, Section 6.01)

In addition, American shall furnish to the Trustee within 120 days after the end of each calendar year a certificate signed by a principal executive officer, principal financial officer or principal accounting officer of American stating that to his or her knowledge during such preceding calendar year no Default or Event of Default has occurred (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge). (Indenture, Section 10.03(c))

Modifications and Waiver of the Indenture and Certain Other Operative Documents

American and the Trustee may amend or supplement the Indenture, the Notes, the Aircraft Security Agreement and any related document, in each case without notice to or the consent of the Noteholders:

- to evidence the succession of another entity to American and provide for the assumption by such entity of American's obligations under the Indenture, the Notes, the Aircraft Security Agreement and any related document in the case of a merger, consolidation or transfer of all or substantially all of the assets of American;
- to add to the covenants of American for the benefit of Noteholders, or surrender any right or power conferred upon American in the Indenture, the Notes, the Aircraft Security Agreement or any related document;

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- to comply with requirements of the SEC or otherwise to the extent necessary in connection with, or to continue, the qualification of the Indenture or any other agreement under the Trust Indenture Act or under any similar U.S. federal statute or to add provisions permitted by the Trust Indenture Act;
- to add or change any of the provisions of the Indenture or the other Operative Documents as necessary or advisable to obtain credit ratings on the Notes; *provided* that no such addition or change shall materially adversely affect the interest of any Noteholder, as evidenced solely by the delivery of the certificate of an officer of American;
- to comply with any requirement of the SEC or of any other regulatory body or to comply with any applicable law, rules, or regulations of or relating to any exchange or quotation system on which any Notes are listed (or to facilitate any listing of any Notes on any exchange or quotation system);
- to comply with any requirement of DTC, Euroclear, Clearstream or like depository, or of the Trustee, in respect of the provisions of the Indenture, the Notes, the Aircraft Security Agreement or any related document, relating to transfers and exchanges of the Notes or beneficial interests therein, or to include on the Notes any legend as may be required by law or as may otherwise be necessary or advisable;
- to provide for any successor or additional Trustee or Security Agent with respect to the Notes or to add to or change any of the provisions of the Indenture or the Aircraft Security Agreement as shall be necessary or advisable to provide for or facilitate the administration of the trusts under the Indenture or the Aircraft Security Agreement by more than one Trustee or Security Agent, respectively;
- to provide for the delivery of Notes or any supplement to the Indenture, the Notes, the Aircraft Security Agreement or any other related document in or by means of any computerized, electronic, or other medium, including computer diskette;
- to provide for the guarantee by AMR Corporation or another entity of the Indenture, the Notes, the Aircraft Security Agreement or any other related document, and to make appropriate provisions in respect of such guarantor;
- to correct, supplement or amplify the description of the collateral, or convey, transfer, assign, mortgage or pledge any property to or with the Trustee or Security Agent;
- to cure any ambiguity or correct any mistake, defect or inconsistency;
- to make any other change not inconsistent with the Indenture or the Aircraft Security Agreement; *provided* that such action does not materially adversely affect the interests of any Noteholder. (Indenture, Section 12.01)

In addition, subject to certain limited exceptions described below, American and the Trustee may otherwise amend or supplement the Indenture, the Notes, the Aircraft Security Agreement and any other related documents, with the consent of the holders a majority of the principal amount of the outstanding Notes.

Whether before or after the occurrence of an Event of Default, the holders a majority of the principal amount of the outstanding Notes may authorize the Trustee to, and the Trustee upon such authorization shall, waive compliance by American with any provision of the Indenture, the Notes, the Aircraft Security Agreement or any related document (other than certain provisions in the Indenture and the Aircraft Security Agreement as described below). However, no amendment, supplement or waiver of any provision in the Indenture, any Note, the Aircraft Security Agreement or any related document may, without the consent of each Noteholder affected:

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- reduce the amount of Notes whose holders must consent to an amendment, supplement or waiver;
- reduce the rate or change the time for payment of interest on any Note;
- reduce the amount or change the time for payment of principal of, redemption price of, or Make-Whole Amount, if any, with respect to (in each case, whether on redemption or otherwise), any Note;
- change the place of payment where, or the coin or currency in which any Note (or the redemption price thereof), interest thereon or Make-Whole Amount, if any, with respect thereto, is payable;
- change the priority of distributions and application of payments specified in the Indenture in a manner materially adverse to the Noteholders;
- impair the right of any Noteholder to institute suit for the enforcement of any amount of principal or interest payable on any Note when due;
- waive a Payment Default with respect to any Note; or
- create any lien with respect to any part of the collateral, including any Aircraft subjected to the lien of the Aircraft Security Agreement, that is prior to or *pari passu* with the lien thereon pursuant to the Indenture or the Aircraft Security Agreement, as applicable, except as permitted by the Indenture or the Aircraft Security Agreement, or deprive the Trustee or the Security Agent of the benefit of the lien on the collateral, including any such Aircraft, created by the Indenture or the Aircraft Security Agreement, except as permitted by the Indenture or the Aircraft Security Agreement. (Indenture, Section 12.02)

American or any affiliate of American may, to the extent permitted by applicable law, at any time purchase or otherwise acquire any or all of the Notes, including in the open market or by tender at any price or by private agreement. In determining whether the holders of the required principal amount of the Notes have consented to an amendment, modification or waiver, any such Notes owned by American or any affiliate of American will be disregarded and deemed not outstanding. (Indenture, Section 2.13)

Merger, Consolidation and Transfer of Assets

American is prohibited from consolidating with or merging into any other entity where American is not the surviving entity or conveying, transferring, or leasing substantially all of its assets as an entirety to any other entity unless:

- the successor or transferee entity is organized and validly existing under the laws of the United States or any state thereof or the District of Columbia;
- the successor or transferee entity is, if and to the extent required under Section 1110 in order that the Trustee continues to be entitled to any benefits of Section 1110 with respect to an Aircraft that has been subjected to the lien of the Aircraft Security Agreement, a “*citizen of the United States*” (as defined in Title 49 of the United States Code relating to aviation (the “*Transportation Code*”)) holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of the Transportation Code;
- the successor or transferee entity expressly assumes all of the obligations of American contained in the Notes, the Indenture and the Aircraft Security Agreement;
- if the Aircraft that have been subjected to the lien of the Aircraft Security Agreement are, at the time, registered with the FAA or such person is located in a “Contracting State” (as such term is

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used in the Cape Town Treaty), the transferor or successor entity makes such filings and recordings with the FAA pursuant to the Transportation Code and registrations under the Cape Town Treaty, or, if the Aircraft are, at the time, not registered with the FAA, the transferor or successor entity makes such filings and recordings with the applicable aviation authority, as are necessary to evidence such consolidation, merger or transfer; and

- American has delivered a certificate and an opinion or opinions of counsel indicating that such transaction, in effect, complies with such conditions.

In addition, after giving effect to such transaction, no Event of Default shall have occurred and be continuing. (Indenture, Section 10.02(e))

None of the Notes or any of the other Operative Documents contain any covenants or provisions which may afford the Trustee, the Security Agent or Noteholders protection in the event of a highly leveraged transaction, including transactions effected by management or affiliates, which may or may not result in a change in control of American.

Book-Entry, Delivery and Form

The New Notes will be issued in book-entry form only, which means that the New Notes will be represented by one or more permanent global certificates (“*Global Notes*”) registered in the name of DTC or its nominee. You may hold interests in the Notes directly through DTC, Euroclear or Clearstream if you are a participant in any of these clearing systems, or indirectly through organizations which are participants in those systems. Links have been established among DTC, Clearstream and Euroclear to facilitate the issuance of the Notes and cross-market transfers of the Notes associated with secondary market trading. DTC is linked indirectly to Clearstream and Euroclear through the depository accounts of their respective U.S. depositories. Notes in book-entry form can be exchanged for definitive Notes under the circumstances described under “—The Notes.”

The Notes

Book-Entry Procedures for the Global Notes

All interests in the Global Notes, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of their systems. The descriptions of the operations and procedures of DTC, Euroclear and Clearstream described below are provided solely as a matter of convenience. These operations and procedures are solely within the control of these settlement systems and are subject to change by them from time to time. Neither we nor any paying agent, if applicable, takes any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

The clearing systems have advised us as follows:

DTC

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Exchange Act. DTC holds securities that its participants, known as DTC participants, deposit with DTC. DTC also facilitates the settlement among DTC participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for DTC participants’ accounts. This eliminates the need to exchange certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC’s book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies that work through a DTC participant. The rules that apply to DTC and its participants are on file with the SEC.

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We expect that pursuant to procedures established by DTC:

- upon deposit of each Global Note, DTC will credit the accounts of participants in DTC with an interest in the Global Note; and
- ownership of the Notes will be shown on, and the transfer of ownership of the Notes will be effected only through, records maintained by DTC, with respect to the interests of participants in DTC, and the records of participants and indirect participants, with respect to the interests of persons other than participants in DTC.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of the securities in definitive form. Accordingly, the ability to transfer interests in the Notes represented by a Global Note to these persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in Notes represented by a Global Note to pledge or transfer that interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of that interest, may be affected by the lack of a physical definitive security in respect of the interest.

So long as DTC or its nominee is the registered owner of a Global Note, DTC or the nominee, as the case may be, will be considered the sole owner or Noteholder represented by the Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have Notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical delivery of certificated Notes; and
- will not be considered the owners or Noteholders under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the Indenture.

Accordingly, each holder owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if the holder is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the holder owns its interest, to exercise any rights of a Noteholder under the Indenture or the Global Note. We understand that under existing industry practice, if we request any action of Noteholder, or a holder that is an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of the Global Note, is entitled to take, then DTC would authorize its participants to take the action and the participants would authorize holders owning through participants to take the action or would otherwise act upon the instruction of such holders. Neither we, the Trustee nor any paying agent, if applicable will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the Notes.

Payments with respect to the principal of, Make-Whole Amount, if any, and interest on, any Notes represented by a Global Note registered in the name of DTC or its nominee on the applicable record date will be payable by the Trustee or any paying agent, if applicable, to or at the direction of DTC or its nominee in its capacity as the registered holder of the Global Note representing those Notes under the Indenture. Under the terms of the Indenture, we, the Trustee and any paying agent, if applicable may treat the persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payment on the Notes and for any and all other purposes whatsoever. Accordingly, neither we, the Trustee nor any paying agent, if applicable, has or will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, including principal, premium, if any, additional interest, if any, and interest. Payments by the participants and the indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC. Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

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Upon receipt of any payment of principal or interest, DTC will credit DTC participants' accounts on the payment date according to such participants' respective holdings of beneficial interests in the Global Notes as shown on DTC's records. In addition, it is DTC's current practice to assign any consenting or voting rights to DTC participants whose accounts are credited with securities on a record date by using an omnibus proxy. Payments by DTC participants to owners of beneficial interests in the Global Notes, and voting by DTC participants, will be governed by the customary practices between the DTC participants and owners of beneficial interests, as is the case with securities held for the accounts of customers registered in street name. However, these payments will be the responsibility of the DTC participants and not of DTC, the Trustee, any paying agent, if applicable, or us.

Clearstream

Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations, known as Clearstream participants, and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, eliminating the need for physical movement of certificates. Clearstream provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

Distributions with respect to Global Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream.

Euroclear

Euroclear was created in 1968 to hold securities for its participants, known as Euroclear participants, and to clear and settle transactions between Euroclear participants and between Euroclear participants and participants of certain other securities intermediaries through simultaneous electronic book-entry delivery against payment, eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear is owned by Euroclear Clearance System Public Limited Company and operated through a license agreement by Euroclear Bank, S.A./N.V., known as the Euroclear operator. The Euroclear operator provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing and related services. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries.

Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear operator is regulated and examined by the Belgian Banking and Finance Commission. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law, collectively referred to as the terms and conditions. The terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to Global Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depository for Euroclear.

Global Clearance and Settlement Procedures

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in same-day funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in same-day funds.

Cross-market transfers between persons holding directly or indirectly through DTC participants, on the one hand, and directly or indirectly through Clearstream or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the European international clearing system by its U.S. depository; however, these cross-market transactions will require delivery of instructions to the European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). The European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment in accordance with normal procedures for settlement in DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depository.

Because of time-zone differences, credits of Global Notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. The credits or any transactions in the Global Notes settled during this processing will be reported to the Clearstream or Euroclear participants on the same business day. Cash received in Clearstream or Euroclear as a result of sales of the Global Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear are expected to follow these procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, Clearstream and Euroclear, they will be under no obligation to perform or continue to perform these procedures and these procedures may be changed or discontinued at any time. Neither we, the Trustee nor any paying agent, if applicable, will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchanges of Book-Entry Notes for Certificated Notes

You may not exchange your beneficial interest in a Global Note for a Note in certificated form unless:

- (1) DTC (a) notifies us that it is unwilling or unable to continue as depository for the Global Note or (b) has ceased to be a clearing agency registered under the Exchange Act, and in either case we thereupon fail to appoint a successor depository;
- (2) we, at our option, notify the Trustee in writing that we are electing to issue the Notes in certificated form; or
- (3) an Event of Default shall have occurred and be continuing with respect to the Notes and the Trustee has received a written request from DTC to issue Notes in certificated form.

In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures). Any such exchange will be effected through the DTC Deposit/Withdraw at Custodian system and an appropriate adjustment will be made in the records of the security registrar to reflect a decrease in the principal amount of the relevant Global Note.

Indemnification

American has agreed to indemnify the Trustee and the Security Agent, but not the Noteholders, for certain losses, claims and other matters. (Indenture, Section 8.02) Neither the Trustee nor the Security Agent will be indemnified, however, for actions arising from its negligence or willful misconduct, or for the inaccuracy of any representation or warranty made in its individual capacity under the Indenture or the Aircraft Security Agreement.

Neither the Trustee nor the Security Agent will be required to take any action or refrain from taking any action (other than notifying the Noteholders if it knows of an Event of Default as described under “—Events of Default”) unless it has received indemnification satisfactory to it against any risks incurred in connection therewith. (Indenture, Section 5.01(d); Aircraft Security Agreement, Section 5.01(d))

Certain Provisions of the Aircraft Security Agreement

The following describes the terms of the Aircraft Security Agreement that will apply to each Aircraft that has been subjected to the lien of the Aircraft Security Agreement.

Maintenance and Operation

Under the terms of the Aircraft Security Agreement, American will be obligated, among other things and at its expense, to keep each Aircraft duly registered, and to maintain, service, repair, and overhaul such Aircraft (or cause the same to be done) so as to keep it in such condition as necessary to maintain the airworthiness certificate for such Aircraft in good standing at all times (other than during temporary periods of storage, maintenance, testing or modification or during periods of grounding by applicable governmental authorities). (Aircraft Security Agreement, Sections 7.02(a), (c) and (e))

American will agree not to maintain, use, service, repair, overhaul or operate any Aircraft in violation of any law, rule or regulation of any government having jurisdiction over such Aircraft, or in violation of any airworthiness certificate, license or registration relating to such Aircraft issued by such government, except to the extent American (or any lessee) is contesting in good faith the validity or application of any such law, rule or regulation or airworthiness certificate, license or registration in any manner that does not involve any material risk of sale, forfeiture or loss of such Aircraft or impair the lien of the Aircraft Security Agreement with respect to such Aircraft. (Aircraft Security Agreement, Section 7.02(b))

American must make all alterations, modifications, and additions to each Airframe and Engine necessary to meet the applicable requirements of the Federal Aviation Administration (the “FAA”) or any other applicable governmental authority of another jurisdiction in which the related Aircraft may then be registered; provided that American (or any lessee) may in good faith contest the validity or application of any such requirement in any manner that does not involve, among other things, a material risk of sale, forfeiture or loss of such Aircraft and does not adversely affect the Security Agent’s interest in such Aircraft under (and as defined in) the Aircraft Security Agreement. American (or any lessee) may add further parts and make other alterations, modifications, and additions to any Airframe or any Engine as American (or any such lessee) may deem desirable in the proper conduct of its business, including removal (without replacement) of parts, so long as such alterations, modifications, additions, or removals do not materially diminish the value or utility of such Airframe or Engine below its value or utility immediately prior to such alteration, modification, addition, or removal (assuming such Airframe or Engine was maintained in accordance with the Aircraft Security Agreement), except that the value (but not the utility) of any Airframe or Engine may be reduced from time to time by the value of any such parts which have been removed that American deems obsolete or no longer suitable or appropriate for use on such Airframe or Engine. All parts (with certain exceptions) incorporated or installed in or added to such Airframe or Engine as a result of such alterations, modifications or additions will be subject to the lien of the Aircraft Security Agreement. American (or any lessee) is permitted to remove (without replacement) parts that are in addition to, and not in replacement of or substitution for, any part originally incorporated or installed in or attached to an Airframe or Engine at the time of delivery thereof to American, as well as any part that is not required to be incorporated or installed in or attached to such Airframe or Engine pursuant to applicable requirements of the FAA or other jurisdiction in which the related Aircraft may then be registered, or any part that can be removed without materially diminishing the requisite value or utility of such Aircraft. (Aircraft Security Agreement, Section 7.04(c))

Except as set forth above, American will be obligated to replace or cause to be replaced all parts that are incorporated or installed in or attached to any Airframe or any Engine and become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use. Any such replacement parts will become subject to the lien of the Aircraft Security Agreement in lieu of the part replaced. (Aircraft Security Agreement, Section 7.04(a))

Registration, Leasing and Possession

Although American has certain re-registration rights, as described below, American generally is required to keep each Aircraft duly registered under the Transportation Code with the FAA and to record the Aircraft Security Agreement under the Federal Aviation Act. (Aircraft Security Agreement, Section 7.02(e)) In addition, American will register the “international interests” created pursuant to the Aircraft Security Agreement under the Cape Town Convention on International Interests in Mobile Equipment and the related Aircraft Equipment Protocol (the “*Cape Town Treaty*”). (Aircraft Security Agreement, Section 7.02(e)) Although American has no current intention to do so, American will be permitted to register an Aircraft in certain jurisdictions outside the United States, subject to certain conditions specified in the Aircraft Security Agreement. These conditions include a requirement that the laws of the new jurisdiction of registration will give effect to the lien of and the security interest created by the Aircraft Security Agreement in the applicable Aircraft. (Aircraft Security Agreement, Section 7.02(e)) American also will be permitted, subject to certain limitations, to lease any Aircraft to any United States certificated air carrier, to certain foreign air carriers or to certain manufacturers of airframes or engines (or their affiliates acting under an unconditional guarantee of such manufacturer). In addition, subject to certain limitations, American will be permitted to transfer possession of any Airframe or any Engine other than by lease, including transfers of possession by American or any lessee in connection with certain interchange and pooling arrangements, “wet leases,” and transfers in connection with maintenance or modifications and transfers to the government of the United States, Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland and the United Kingdom or any instrumentality or agency thereof. (Aircraft Security Agreement, Section 7.02(a)) There will be no general geographical restrictions on American’s (or any lessee’s) ability to operate any Aircraft. The extent to which the Security Agent’s lien would be recognized in an Aircraft if such Aircraft were located in certain countries is uncertain. Permitted foreign air carrier lessees are not limited to those based in a country that is a party to the Convention on the International Recognition of Rights in Aircraft (Geneva 1948) (the “*Mortgage Convention*”) or a party to the Cape Town Treaty. It is uncertain to what extent the Security Agent’s security interest would be recognized if an Aircraft is registered or located in a jurisdiction not a party to the Mortgage Convention or the Cape Town Treaty. The Cape Town Treaty provides, that, subject to certain exceptions, a registered “international interest” has priority over a subsequently registered interest and over an unregistered interest for purposes of the law of those jurisdictions that have ratified the Cape Town Treaty. There are many jurisdictions in the world that have not ratified the Cape Town Treaty, and an Aircraft may be located in any such jurisdiction from time to time. There is no legal precedent with respect to the application of the Cape Town Treaty in any jurisdiction and therefore it is unclear how the Cape Town Treaty will be applied.

In addition, any exercise of the right to repossess an Aircraft may be difficult, expensive and time-consuming, particularly when such Aircraft is located outside the United States or has been registered in a foreign jurisdiction or leased to or in possession of a foreign or domestic operator. Any such exercise would be subject to the limitations and requirements of applicable law, including the need to obtain consents or approvals for deregistration or re-export of such Aircraft, which may be subject to delays and political risk. When a defaulting lessee or other permitted transferee is the subject of a bankruptcy, insolvency, or similar event such as protective administration, additional limitations may apply. See “Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Repossession of Aircraft may be difficult, time-consuming and expensive.”

In addition, some jurisdictions may allow for other liens or other third party rights to have priority over the Security Agent’s security interest in an Aircraft. As a result, the benefits of the Security Agent’s security interest in an Aircraft may be less than they would be if such Aircraft were located or registered in the United States.

Upon repossession of such Aircraft, the Aircraft may need to be stored and insured. The costs of storage and insurance can be significant, and the incurrence of such costs could reduce the proceeds available to repay the Noteholders. In addition, at the time of foreclosing on the lien on an Aircraft under the Aircraft Security Agreement, the Airframe relating thereto subject to the Aircraft Security Agreement might not be the equipped with the Engines

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associated with such Aircraft and under the Aircraft Security Agreement. If American fails to transfer title to engines not owned by American that are attached to repossessed Aircraft, it could be difficult, expensive and time-consuming to assemble an Aircraft consisting of an Airframe and Engines subject to the Aircraft Security Agreement.

Liens

American is required to maintain each Aircraft free of any liens, other than the lien of the Aircraft Security Agreement, any other rights existing pursuant to the other Operative Documents related thereto, the rights of others in possession of such Aircraft in accordance with the terms of the Aircraft Security Agreement and liens attributable to other parties to the Operative Documents related thereto and other than certain other specified liens, including but not limited to (i) liens for taxes either not yet overdue or 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 the Engine related to such Aircraft or the Security Agent's interest therein or impair the lien of the Aircraft Security Agreement; (ii) materialmen's, mechanics', workers', landlord's, repairmen's, employees' or other similar liens arising in the ordinary course of business and securing obligations that either are not yet overdue for 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 the Engine related to such Aircraft or the Security Agent's interest therein or impair the lien of the Aircraft Security Agreement; (iii) judgment liens so long as such judgment is discharged or vacated within 60 days or the execution of such judgment is stayed pending appeal or such judgment is discharged, vacated or reversed within 60 days after expiration of such stay and so long as during any such 60 day period there is not, or any such judgment or award does not involve, any material risk of the sale, forfeiture or loss of any Aircraft, any Airframe or any Engine or the interest of the Security Agent therein or impair the lien of the Aircraft Security Agreement; (iv) salvage or similar rights of insurers under insurance policies maintained by American; (v) any other lien as to which American has provided a bond, cash collateral or other security adequate in the reasonable opinion of the Security Agent; and (vi) Liens approved in writing by the Security Agent with the consent of the Trustee. (Aircraft Security Agreement, Section 7.01)

Insurance

Subject to certain exceptions, American is required to maintain, at its expense (or at the expense of a lessee), all-risk aircraft hull insurance covering each Aircraft (including, without limitation, war risk and allied perils insurance if and to the extent the same is maintained by American (or any permitted lessee) with respect to other aircraft operated by American (or any permitted lessee) on same or similar routes), at all times in an amount not less than 110% of the Allocable Portion of the Notes relating to such Aircraft. However, after giving effect to self-insurance permitted as described below, the amount payable under such insurance may be less than such amounts payable with respect to such Allocable Portion. If an Aircraft suffers an Event of Loss, insurance proceeds up to an amount equal to the Allocable Portion of the Notes relating to such Aircraft, together with accrued but unpaid interest thereon, plus an amount equal to the interest that will accrue on such Allocable Portion of the Notes during the period commencing on the day following the date of payment of such insurance proceeds to the Security Agent and ending on the loss payment date (the sum of those amounts being, the "Loan Amount" for such Aircraft) will be paid to the Security Agent. If an Aircraft or Engine suffers loss or damage not constituting an Event of Loss but involving insurance proceeds in excess of \$12,000,000 (in the case of a Boeing 777-223ER), \$8,000,000 (in the case of a Boeing 767-323ER) or \$6,000,000 (in the case of a Boeing 737-823), proceeds in excess of such specified amounts up to the applicable Loan Amount will be payable to the Security Agent, and the proceeds up to such specified amounts and proceeds in excess of the applicable Loan Amount will be payable directly to American unless there is a continuing Event of Default or Payment Default, in which event all insurance proceeds will be payable to the Security Agent. So long as the loss does not constitute an Event of Loss, insurance proceeds will be applied to repair or replace the equipment. (Aircraft Security Agreement, Sections 7.06(b) and 7.06(d))

In addition, American is obligated to maintain or cause to be maintained aircraft liability insurance at its expense (or at the expense of a lessee), including, without limitation, bodily injury, personal injury and property damage liability insurance (exclusive of manufacturer's product liability insurance), and contractual liability insurance with respect to each Aircraft. Such liability insurance must be underwritten by insurers of recognized responsibility. The amount of such liability insurance coverage may not be less than the amount of aircraft liability insurance from time to time applicable to similar aircraft in American's fleet on which American carries insurance

and operated by American on the same or similar routes on which the Aircraft is operated. (Aircraft Security Agreement, Section 7.06(a))

American may self-insure under a program applicable to all aircraft in its fleet, but the amount of such self-insurance in the aggregate may not exceed for any 12-month policy year 1% of the average aggregate insurable value (during the preceding policy year) of all aircraft on which American carries insurance, unless an insurance broker of national standing certifies that the standard among all other major U.S. airlines is a higher level of self-insurance, in which case American may self-insure the Aircraft to such higher level. In addition, American may self-insure to the extent of (i) any applicable deductible per occurrence that is not in excess of the amount customarily allowed as a deductible in the industry or is required to facilitate claims handling, or (ii) any applicable mandatory minimum per aircraft (or, if applicable, per annum or other period) liability insurance or hull insurance deductibles imposed by the aircraft liability or hull insurers. (Aircraft Security Agreement, Section 7.06(c))

In respect of each Aircraft, American is required to name the Security Agent as an additional insured party under the liability insurance policy required with respect to such Aircraft. In addition, the hull and liability insurance policies will be required to provide that, in respect of the interests of such additional insured party, the insurance shall not be invalidated or impaired by any action or inaction of American. (Aircraft Security Agreement, Sections 7.06(a) and 7.06(b))

Events of Loss

If an Event of Loss occurs with respect to an Airframe or the Airframe and one or more Engines of an Aircraft, American must elect within 90 days after such occurrence (i) to replace such Airframe and any such Engines or (ii) to pay the Security Agent the Allocable Portion of the Notes relating to such Aircraft together with interest accrued thereon. Depending upon American's election, not later than the first Business Day after the 120th day following the date of occurrence of such Event of Loss, American will (i) redeem the Notes in part under the Indenture by paying to the Trustee the Allocable Portion of the Notes relating to such Aircraft, together with accrued interest thereon, but without any premium or (ii) substitute an airframe (or airframe and one or more engines, as the case may be) for the Airframe, or Airframe and Engine(s), that suffered such Event of Loss. If American elects to replace an Airframe (or Airframe and one or more Engines, as the case may be) that suffered such Event of Loss, it will do so with an airframe or airframe and engines of the same model as the Airframe or Airframe and Engines to be replaced or a comparable or improved model, and with a value and utility (without regard to hours or cycles) at least equal to the Airframe or Airframe and Engines to be replaced, assuming that such Airframe and such Engines were in the condition and repair required by the Aircraft Security Agreement. American is also required to provide to the Security Agent opinions of counsel (i) to the effect that Security Agent will be entitled to the benefits of Section 1110 with respect to the replacement airframe (unless, as a result of a change in law or governmental or judicial interpretation, such benefits were not available with respect to the Aircraft that suffered the Event of Loss immediately prior to such replacement), and (ii) as to the due registration of the replacement aircraft, the due recordation of a supplement to the Aircraft Security Agreement relating to such replacement aircraft, the registration of such replacement airframe with the International Registry under the Cape Town Treaty, if applicable, and the validity and perfection of the security interest granted to the Security Agent in the replacement aircraft. If American elects not to replace such Airframe, or Airframe and Engine(s), then upon payment of the Allocable Portion of the Notes issued with respect to the related Aircraft, together with accrued but unpaid interest thereon (but without any premium), the lien of the Aircraft Security Agreement will terminate with respect to such Aircraft, and the obligation of American thereafter to make the scheduled interest and principal payments with respect to such Allocable Portion of the Notes will cease. The payments made under the Aircraft Security Agreement by American will be deposited with the Security Agent. Amounts in excess of the amounts due and owing under the Allocable Portion of the Notes issued with respect to such Aircraft will be distributed by the Security Agent to American. (Indenture, Sections 2.19(c) and 3.02; Aircraft Security Agreement, Sections 7.05(a) and 7.05(c))

If an Event of Loss occurs with respect to an Engine alone, American will be required to replace such Engine within 120 days after the occurrence of such Event of Loss with another engine, free and clear of all liens (other than certain permitted liens). Such replacement engine will be the same model as the Engine to be replaced, or a comparable or improved model of the same or another manufacturer, suitable for installation and use on the related Airframe, and will have a value and utility (without regard to hours or cycles) at least equal to the Engine to

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be replaced, assuming that such Engine was in the condition and repair required by the terms of the Aircraft Security Agreement. (Aircraft Security Agreement, Section 7.05(b))

An “*Event of Loss*” with respect to any Aircraft, any Airframe or any Engine means any of the following events with respect to such property:

- the loss of such property or of the use thereof due to destruction, damage to such property beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;
- 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;
- the theft, hijacking or disappearance of such property for a period exceeding 180 consecutive days;
- the requisition for use of such property by any government (other than a requisition for use by the government of Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States or the government of the country of registry of the related Aircraft) that results in the loss of possession of such property by American (or any lessee) for a period exceeding 12 consecutive months;
- the operation or location of such Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect with respect to such Aircraft required by the terms of the Aircraft Security Agreement, unless American has obtained indemnity or insurance in lieu thereof from such government;
- any requisition of title or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention (excluding requisition for use not involving a requisition of title) for any reason of such Aircraft, Airframe, or Engine by any government that results in the loss of title or use of such Aircraft, Airframe or Engine by American (or a permitted lessee) for a period in excess of 180 consecutive days;
- as a result of any law, rule, regulation, order or other action by the FAA or other government of the country of registry, the use of such Aircraft or Airframe in the normal business of air transportation is prohibited by virtue of a condition affecting all aircraft of the same type for a period of 18 consecutive months, unless American is diligently carrying forward all steps that are necessary or desirable to permit the normal use of such Aircraft or Airframe or, in any event, if such use is prohibited for a period of three consecutive years; and
- with respect to an Engine only, any divestiture of title to or interest in such Engine or, in certain circumstances, the installation of such Engine on an airframe that is subject to a conditional sale or other security agreement or the requisition for use of by any government of such Engine not then installed on an Airframe.

An Event of Loss with respect to an Aircraft is deemed to have occurred if an Event of Loss occurs with respect to the Airframe that is a part of such Aircraft unless American elects to substitute a replacement Airframe pursuant to the Aircraft Security Agreement. (Aircraft Security Agreement, Annex A)

If, at any time before the Scheduled Maturity Date, the Allocable Portion of the Notes with respect to an Aircraft are repaid in full in the case of an Event of Loss with respect to such Aircraft, the lien on such Aircraft under the Aircraft Security Agreement will be released, and such Aircraft will not thereafter secure any Notes.

Governing Law

The Indenture and the Notes are, and, the Aircraft Security Agreement will be, governed by the laws of the State of New York. (Indenture, Section 13.17; Aircraft Security Agreement, Section 10.15)

The Trustee and Security Agent

U.S. Bank Trust National Association is the Trustee and will be the Security Agent. Except as otherwise provided in the Indenture and the Aircraft Security Agreement, neither the Trustee nor the Security Agent, in its individual capacity, is or will be answerable or accountable under the Indenture, the Aircraft Security Agreement or under the Notes under any circumstances except, among other things, for its own willful misconduct or negligence. American and its affiliates have in the past, and may from time to time in the future enter into, banking and trustee relationships with the Trustee, the Security Agent and their respective affiliates. The address for the Trustee and the Security Agent is U.S. Bank Trust National Association, One Federal Street, 3rd Floor, Mail Code EX-FED-MA, Boston, Massachusetts 02110, Attention: Corporate Trust Services.

The Trustee may resign at any time, and may be removed by American under certain circumstances. In such cases, a successor Trustee will be appointed by American as provided in the Indenture. The Security Agent may resign at any time, and may be removed by American under certain circumstances. In such cases, a successor Security Agent will be appointed by American as provided in the Aircraft Security Agreement. The holders of a majority of the principal amount of the outstanding Notes may at any time remove the Trustee or cause the Trustee to remove the Security Agent as provided in the Indenture or the Aircraft Security Agreement, respectively, in which event a successor Trustee or Security Agent may be appointed by such holders with the consent of American as provided in the Indenture or the Aircraft Security Agreement, respectively. Any resignation or removal of the Trustee or the Security Agent and appointment of a successor Trustee or Security Agent does not become effective until acceptance of the appointment by such successor Trustee or Security Agent. (Indenture, Section 5.09; Aircraft Security Agreement, Section 8.01)

DESCRIPTION OF THE AIRCRAFT AND THE APPRAISALS

The Aircraft

On and subject to the terms and conditions of the Indenture, American has agreed to subject the Aircraft to the lien of the Aircraft Security Agreement following the 1999-1 Maturity Date and on or prior to the Cut-Off Date. The pool of Aircraft consists of nine Boeing 737-823 aircraft, one Boeing 767-323ER aircraft and two Boeing 777-223ER aircraft, each of which was delivered new to American during the period from May 1999 to September 1999. The airframe constituting part of an Aircraft is referred to herein as an “Airframe,” and each engine constituting part of an Aircraft is referred to herein as an “Engine.” Each Aircraft is being operated by American. The Aircraft have been designed to comply with Stage 3 noise level standards, which are the most restrictive regulatory standards currently in effect in the United States with respect to the Aircraft for aircraft noise abatement. The “ER” designation is provided by the manufacturer and is not recognized by the FAA.

The Boeing 737-823 is a narrow-body commercial jet aircraft. Seating capacity in American’s two-class configuration for the Boeing 737-823 aircraft to be subjected to the lien of the Aircraft Security Agreement is 148 seats. The Boeing 737-823 is powered by two CFM56-7B26 model commercial jet engines manufactured by CFM International, Inc.

The Boeing 767-323ER and the Boeing 777-223ER are both wide-body commercial jet aircraft. Seating capacity in American’s two-class configuration for the Boeing 767-323ER is 225 seats and American’s three-class configuration for the Boeing 777-223ER is 247 seats. The Boeing 767-323ER is powered by two CF6-80C2B6 model commercial jet engines manufactured by The General Electric Company. The Boeing 777-223ER is powered by two RB211-TRENT-892 model commercial jet engines manufactured by Rolls-Royce plc.

The Appraisals

The table below sets forth the appraised values of the Aircraft that are expected to be financed with the proceeds from the sale of the Old Notes, as determined by Aircraft Information Services, Inc. (“AISI”), BK Associates, Inc. (“BK”) and Morten Beyer & Agnew, Inc. (“MBA,” and together with AISI and BK, the “Appraisers”), independent aircraft appraisal and consulting firms, and certain additional information regarding such Aircraft. The references to AISI, BK and MBA, and to their respective appraisal reports, are included herein in reliance upon the authority of each such firm as an expert with respect to the matters contained in its appraisal report.

Aircraft Type	Registration Number	Manufacturer’s Serial Number	Delivery Date	Appraiser’s Valuations			Appraised Value(1)
				AISI	BK	MBA	
Boeing 737-823	N909AN	29511	5/19/1999	\$ 25,640,000	\$ 27,600,000	\$ 26,260,000	\$ 26,260,000
Boeing 737-823	N910AN	29512	5/26/1999	25,640,000	27,600,000	26,260,000	26,260,000
Boeing 737-823	N912AN	29513	6/25/1999	25,640,000	27,600,000	26,390,000	26,390,000
Boeing 737-823	N914AN	29515	7/19/1999	25,640,000	27,600,000	26,520,000	26,520,000
Boeing 737-823	N915AN	29516	7/28/1999	25,640,000	27,600,000	26,520,000	26,520,000
Boeing 737-823	N916AN	29517	8/6/1999	25,640,000	28,200,000	26,640,000	26,640,000
Boeing 737-823	N917AN	29518	8/27/1999	25,640,000	28,200,000	26,640,000	26,640,000
Boeing 737-823	N918AN	29519	9/10/1999	25,640,000	28,200,000	26,770,000	26,770,000
Boeing 737-823	N919AN	29520	9/15/1999	25,640,000	28,200,000	26,770,000	26,770,000
Boeing 767-323ER	N399AN	29606	5/28/1999	36,570,000	41,800,000	42,080,000	40,150,000
Boeing 777-223ER	N778AN	29587	6/21/1999	73,460,000	76,200,000	69,810,000	73,156,667
Boeing 777-223ER	N779AN	29955	6/27/1999	73,460,000	76,200,000	69,810,000	73,156,667
Total				<u>\$ 414,250,000</u>	<u>\$ 445,000,000</u>	<u>\$ 420,470,000</u>	<u>\$ 425,233,333</u>

(1) The appraised value of each Aircraft set forth above is the lesser of the average and median appraised value of each such Aircraft. Such appraisals indicate current market value of such Aircraft as appraised by the Appraisers at or around the time of such appraisals.

According to the International Society of Transport Aircraft Trading, appraised “current market value” is defined as each Appraiser’s opinion of the most likely trading price that may be generated for an aircraft under the market circumstances that are perceived to exist at the time in question. The current market value assumes that the aircraft is valued for its highest, best use, that the parties to the sale transaction are willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an

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open and unrestricted market on an arms'-length basis for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.

In connection with the offering of the Old Notes, each Appraiser was asked to provide, and each Appraiser furnished, its opinion as to the appraised value of each Aircraft based on appraised current market value of such Aircraft at or about the time of the appraisal. As part of this process, all three Appraisers performed "desk-top" appraisals without any physical inspection of the Aircraft. The appraisals are based on various significant assumptions and methodologies which vary among the appraisals. The appraisals may not reflect accurately the current market value of the Aircraft. Appraisals that are based on different assumptions and methodologies (or a physical inspection of the Aircraft) may result in valuations that are materially different from those contained in the appraisals. The appraisals have not been updated in connection with this exchange offer, and the results of the appraisals if conducted immediately prior to the date hereof could differ from the appraisals delivered in connection with the offering of the Old Notes.

The Appraisers have delivered letters setting forth their respective appraisals in connection with the offering of the Old Notes, copies of which are annexed to this prospectus as Appendix II. For a discussion of the assumptions and methodologies used in each of the appraisals, please refer to such letters.

An appraisal is only an estimate of value. It does not necessarily indicate the price at which an aircraft may be purchased or sold in the market. In particular, the appraisals of the Aircraft are estimates of the values of the Aircraft assuming the Aircraft are in a certain condition, which may not be the case. An appraisal should not be relied upon as a measure of realizable value. The proceeds realized upon the exercise of remedies with respect to any Aircraft, including a sale of such Aircraft, may be less than its appraised value. The value of an Aircraft if remedies are exercised under the Indenture will depend on various factors, including market, economic and airline industry conditions; the supply of similar aircraft; the availability of buyers; the condition of such Aircraft; the time period in which such Aircraft is sought to be sold; and whether such Aircraft is sold separately or as part of a block.

Since the Terrorist Attacks, the airline industry has suffered substantial losses. In response to adverse market conditions, we and many other U.S. air carriers have reduced the number of aircraft in operation, and there may be further reductions, particularly by air carriers in bankruptcy or liquidation. Any such reduction of aircraft of the same models as the Aircraft could adversely affect the value of the Aircraft.

Accordingly, we cannot assure you that the proceeds realized upon any exercise of remedies with respect to the Aircraft would be sufficient to satisfy in full payments due on the Notes. See "Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Appraisals should not be relied upon as a measure of realizable value of the Aircraft."

EXCHANGE OFFER; REGISTRATION RIGHTS; RATINGS

The following summary describes certain material terms of the Registration Rights Agreement. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Registration Rights Agreement, a copy of which is filed as an exhibit to the registration statement of which this prospectus constitutes a part.

American has undertaken the exchange offer pursuant to the terms of the Registration Rights Agreement. The consummation of the exchange offer is not conditioned upon any minimum or maximum aggregate principal amount of Old Notes being tendered for exchange. American entered into the Registration Rights Agreement with the Initial Purchasers concurrently with the issuance of the Old Notes, pursuant to which American has agreed, for the benefit of and at no cost to the Noteholders, to use its reasonable best efforts to: (i) file with the SEC a registration statement with respect to the offer to exchange the Old Notes for the New Notes, which will have terms identical in all material respects to the Old Notes, to the holders of such Old Notes entitled to make such exchange, except that the New Notes:

- are registered under the Securities Act and will not be subject to restrictions on transfer;
- will bear a different CUSIP and ISIN number than the Old Notes;
- will not entitle their holders to registration rights; and
- will be subject to terms relating to book-entry procedures and administrative terms relating to transfers that differ from those of the Old Notes,

(ii) cause the registration statement to be declared effective under the Securities Act, (iii) offer the New Notes in exchange for surrender of the Old Notes and (iv) consummate the exchange offer on or before December 31, 2009. American will keep the exchange offer open for not less than 20 business days after the date notice of the exchange offer is mailed to the Noteholders. For each Old Note validly tendered to the Trustee pursuant to the exchange offer and not withdrawn by the holder thereof, the holder of such Old Note will receive a New Note having a principal amount equal to that of such tendered Old Note. Interest on each New Note will accrue from the last Payment Date on which interest was paid on the tendered Old Note in exchange thereof or, if no interest has been paid on such Old Notes, from the Issuance Date. As part of the terms of the exchange offer, Old Notes accepted for exchange will not accrue interest for any period from and after the last interest payment date on which interest was paid or duly provided for on such Old Notes prior to the Issuance Date of the New Notes or, if no such interest has been paid or duly provided for on such Old Notes, will not accrue any interest.

Holders of Old Notes who do not tender their Old Notes in the exchange offer will not have any further registration rights under the Registration Rights Agreement.

Under existing interpretations of the staff of the SEC contained in several no action letters to third parties, the New Notes will in general be freely transferable by holders thereof (other than affiliates of American) after the exchange offer without further registration under the Securities Act (subject to certain representations required to be made by each holder of Old Notes participating in the exchange offer, as set forth below). However, any purchaser of Old Notes who is an "affiliate" of American or who intends to participate in the exchange offer for the purpose of distributing the New Notes (1) will not be able to rely on such SEC interpretations, (2) will not be able to tender its Old Notes in the exchange offer and (3) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of Old Notes unless such sale or transfer is made pursuant to an exemption from such requirements. In addition, in connection with any resales of New Notes, an exchanging dealer receiving New Notes in the exchange offer will be subject to a prospectus delivery requirement with respect to resales of those New Notes. The SEC has taken the position that exchanging dealers may fulfill their prospectus delivery requirements with respect to the New Notes (other than a resale of an unsold allotment from the original sale of the Old Notes) by delivery of the prospectus contained in the registration statement of which this prospectus constitutes a part. Under the Registration Rights Agreement, we are required to allow exchanging dealers to use the

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prospectus contained in the exchange offer registration statement in connection with the resale of such New Notes for a period of 90 days after the consummation of the exchange offer.

If any changes in law or the applicable interpretations of the staff of the SEC do not permit American to effect the exchange offer, American will, in lieu of effecting the registration of the New Notes pursuant to the registration statement and at no cost to the Noteholders, (a) as promptly as practicable, file with the SEC a shelf registration statement covering resales of the Notes (the "*Shelf Registration Statement*"), (b) use its reasonable best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act on or before December 31, 2009 and (c) use its reasonable best efforts to keep effective the Shelf Registration Statement for a period of one year after its effective date (or for such shorter period as shall end when all of the Notes covered by the Shelf Registration Statement have been sold pursuant thereto). American will, in the event of the filing of a Shelf Registration Statement, provide to each registered holder of the Notes copies of the prospectus which is a part of the Shelf Registration Statement, notify each such registered holder when the Shelf Registration Statement for the Notes has become effective and take certain other actions as are required to permit unrestricted resales of the Notes. A Noteholder who sells Notes pursuant to the Shelf Registration Statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver the prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the Registration Rights Agreement which are applicable to such a Noteholder (including certain indemnification obligations). In addition, each Noteholder will be required to deliver information to be used in connection with the Shelf Registration Statement.

In addition, pursuant to the Registration Rights Agreement, American has agreed, for the benefit of and at no cost to the Noteholders, to use its reasonable best efforts to obtain ratings for the Notes from each of Moody's and Standard & Poor's on or before December 31, 2009. See "Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — The Notes are not currently rated, and any rating of the Notes, if obtained, may be lowered or withdrawn in the future."

If (a) neither the consummation of the exchange offer nor the declaration by the SEC of a Shelf Registration Statement to be effective with respect to the Notes occurs on or before December 31, 2009, or (b) the Notes are not rated by Moody's and Standard & Poor's on or before December 31, 2009, then the interest rate per annum borne by the Notes shall be increased permanently by 1.00% from and including January 1, 2010. If a Shelf Registration Statement, if filed and declared effective on or before December 31, 2009, ceases to be effective at any time during the one year period specified by the Registration Rights Agreement for more than 60 days, whether or not consecutive, the interest rate per annum borne by the Notes shall be increased by 1.00% from the 61st day until such time as the Shelf Registration Statement again becomes effective.

The maximum possible increase in the interest rate per annum borne by the Notes and the Exchange Notes in connection with the circumstances set forth in the preceding paragraph is 1.00%.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain U.S. federal income tax considerations relating to the exchange of Old Notes for New Notes pursuant to the exchange offer and the ownership and disposition of New Notes by Holders (as defined below) that receive New Notes pursuant to the exchange offer and hold such Notes as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific Holders in light of their particular circumstances or to Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other persons that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, persons who hold the Notes as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders (as defined below) that have a “functional currency” other than the U.S. dollar). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion:

- “*U.S. Holder*” means a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a United States person;
- “*Non-U.S. Holder*” means a beneficial owner of a Note that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes; and
- “*Holder*” means a U.S. Holder or a Non-U.S. Holder.

If an entity treated as a partnership for U.S. federal income tax purposes holds a Note, the U.S. federal income tax treatment of the entity and its partners generally will depend upon the status and activities of the entity and its partners. An investor that is treated as a partnership for U.S. federal income tax purposes should consult its own tax advisor regarding the U.S. federal income tax considerations relating to the Notes.

HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE AND LOCAL, AND NON-U.S., INCOME, ESTATE AND OTHER TAX CONSIDERATIONS RELATING TO THE EXCHANGE OF OLD NOTES FOR NEW NOTES PURSUANT TO THE EXCHANGE OFFER AND THE OWNERSHIP AND DISPOSITION OF NEW NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Exchange of Old Notes for New Notes

The exchange of Old Notes for New Notes pursuant to the exchange offer will not be treated as a taxable event for U.S. federal income tax purposes. New Notes received in the exchange offer will be treated for U.S. federal income tax purposes as a continuation of the original investment of the Holder in the Old Notes exchanged therefor. In particular, no gain or loss will be recognized by Holders as a result of the exchange offer and, for purposes of determining gain or loss on a subsequent sale of New Notes, a Holder’s tax basis and holding period for the New Notes will be the same as the tax basis and holding period for the Old Notes exchanged therefor. Similarly, there would be no U.S. federal income tax consequences to a Holder that does not participate in the exchange offer.

Certain Additional Payments

The Notes provide for the payment of additional interest by American in certain circumstances in the event of a failure to meet certain targets regarding registration of the Notes or to obtain ratings for the Notes, as described above under the heading “Exchange Offer; Registration Rights; Ratings”.

U.S. Treasury regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a Holder’s income, gain or loss with respect to the Notes to be different from the consequences discussed below. For purposes of determining whether a debt instrument is a contingent payment debt instrument, remote or incidental contingencies are ignored. American intends to treat the possibility of its making any such payment of additional interest on the Notes as remote or to treat such payments as incidental. Accordingly, American does not intend to treat the Notes as contingent payment debt instruments. American’s treatment will be binding on all Holders, except a Holder that discloses its differing treatment in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which the Note was acquired. However, American’s treatment is not binding on the U.S. Internal Revenue Service (the “IRS”). If the IRS were to challenge American’s treatment, Holders might be required to accrue interest income on the Notes, in excess of stated interest, and to treat as interest income, rather than capital gain, any gain recognized on the disposition of the Notes before the resolution of the contingencies. In any event, if American actually makes any payment of additional interest described above, the timing and amount (and possibly character) of a Holder’s income, gain or loss with respect to the Notes may be affected. The remainder of this discussion assumes that the Notes have not been and will not be contingent payment debt instruments.

U.S. Holders

Interest

In general, interest payable on the Notes will be taxable to a U.S. Holder as ordinary interest income when it is received or accrued, in accordance with such U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Bond Premium

In general, if a U.S. Holder’s tax basis (generally, a U.S. Holder’s cost) in a Note exceeded the sum of all amounts then payable on such Note through the maturity date (other than payments of stated interest), such U.S. Holder is deemed to have acquired such Note with “bond premium” in the amount of such excess. In such event, the U.S. Holder generally may elect to amortize the “bond premium” as an offset to any stated interest over the period from the U.S. Holder’s acquisition date to such Note’s maturity date. A U.S. Holder that elects to amortize “bond premium” must reduce its tax basis in the related Note by the amount of the “bond premium” used to offset interest income. Any election to amortize “bond premium” applies to all debt instruments (other than debt instruments the interest on which is excludible from gross income) held by the U.S. Holder during the first taxable year to which the election applies or thereafter acquired by the U.S. Holder. The election may not be revoked without the consent of the IRS. It is unclear how these rules apply when there is more than one possible call date and the amount of any redemption premium is uncertain. U.S. Holders should consult their own tax advisors regarding the election to amortize bond premium.

Market Discount

If a U.S. Holder acquired a Note for an amount less than the sum of all amounts payable on such Note after the acquisition date (other than payments of stated interest), then the difference constitutes “market discount” for U.S. federal income tax purposes, unless such difference is less than a statutorily defined *de minimis* amount. Under the “market discount” rules, a U.S. Holder is generally required to treat as ordinary income any principal payment on, or any gain on the sale, redemption, retirement or other disposition of, a Note to the extent of any accrued market discount. In addition, the U.S. Holder may be required to defer, until the maturity of a Note or its earlier disposition, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or

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carry such Note. Market discount accrues ratably during the period from the date of acquisition to the maturity of a Note, unless the U.S. Holder elects to accrue it under the constant yield method.

A U.S. Holder may elect to include market discount in income currently as it accrues (either ratably or under the constant yield method), in which case the rules described above will not apply to the Note. The election to include market discount currently applies to all market discount obligations acquired during or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Sale, Retirement or Other Taxable Disposition of the Notes

Upon the sale, retirement or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized on such sale, retirement or disposition (other than any amount attributable to accrued interest not previously included in such U.S. Holder's income, which will be taxable as ordinary income to such U.S. Holder) and such U.S. Holder's adjusted tax basis in such Note. A U.S. Holder's adjusted tax basis in a Note generally will be its cost for such Note, increased by any market discount previously included in income by such U.S. Holder and reduced by any prior cash payments (other than payments of stated interest) on such Note made to such U.S. Holder and by any bond premium that has been used to offset interest income. Subject to the "market discount" rules described above, any gain or loss so recognized generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder has held the Note for more than one year at the time of such sale, retirement or disposition. Net long-term capital gain of certain non-corporate U.S. Holders is generally subject to preferential rates of tax. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Information reporting generally will apply to a U.S. Holder with respect to payments of interest on, or proceeds from the sale, retirement or other disposition of, a Note, unless such U.S. Holder is a corporation or other entity that is exempt from information reporting and, when required, demonstrates this fact. Any such payments or proceeds to a U.S. Holder that are subject to information reporting generally will also be subject to backup withholding, unless such U.S. Holder provides the appropriate documentation (generally, IRS Form W-9) to the applicable withholding agent certifying that, among other things, its taxpayer identification number is correct and it is a United States person, or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability, *provided* that the required information is furnished by the U.S. Holder on a timely basis to the IRS.

Non-U.S. Holders

Subject to the discussion below concerning backup withholding:

(a) payments of principal, interest and premium with respect to a Note owned by a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax; *provided* that, in the case of payments treated as interest, (i) such payments are not effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder; (ii) such Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote; (iii) such Non-U.S. Holder is not a controlled foreign corporation described in section 957(a) of the Code that is related to us through stock ownership; (iv) such Non-U.S. Holder is not a bank whose receipt of interest on the Note is described in section 881(c)(3)(A) of the Code; and (v) the certification requirements described below are satisfied; and

(b) a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale, retirement or other disposition of a Note (other than amounts treated as interest), unless (i) such gain is effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder or (ii) such Non-U.S. Holder is an individual who is present in the United

States for 183 days or more in the taxable year of such sale, retirement or disposition and certain other conditions are met (in each case, subject to the provisions of an applicable tax treaty).

The certification requirements referred to in clause (a)(v) above generally will be satisfied if the Non-U.S. Holder provides the applicable withholding agent with a statement on IRS Form W-8BEN (or suitable substitute form), signed under penalties of perjury, stating, among other things, that such Non-U.S. Holder is not a United States person. U.S. Treasury regulations provide additional rules for a Note held through one or more intermediaries or pass-through entities. President Obama has recently proposed changes to these certification requirements.

If the requirements set forth in clause (a) above are not satisfied with respect to a Non-U.S. Holder, payments on the Notes treated as interest generally will be subject to U.S. federal withholding tax at a rate of 30%, unless another exemption is applicable. For example, an applicable tax treaty may reduce or eliminate such withholding tax, *provided* that such Non-U.S. Holder has provided the appropriate documentation (generally, IRS Form W-8BEN) to the applicable withholding agent.

If a Non-U.S. Holder is engaged in the conduct of a trade or business in the United States, and if amounts treated as interest on the Notes or as gain realized on the sale, retirement or other disposition of the Notes are effectively connected with such trade or business, such Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on such amounts, *provided* that, in the case of amounts treated as interest, such Non-U.S. Holder has provided the appropriate documentation (generally, IRS Form W-8ECI) to the applicable withholding agent. Instead, such Non-U.S. Holder generally will be subject to U.S. federal income tax in substantially the same manner as a U.S. Holder (except as provided by an applicable tax treaty). In addition, a Non-U.S. Holder that is a corporation may be subject to a branch profits tax equal to 30% of its effectively connected income for the taxable year, subject to certain adjustments (or a lower rate if provided by an applicable tax treaty).

Information Reporting and Backup Withholding

Generally, payments of amounts treated as interest on a Note to a Non-U.S. Holder, and the amount of any tax withheld from such payments, must be reported annually to the IRS and to such Non-U.S. Holder. The IRS may make this information available to the tax authorities of the country in which such Non-U.S. Holder is a resident under the provisions of an applicable tax treaty or agreement.

The information reporting and backup withholding rules that apply to payments of interest to a U.S. Holder generally will not apply to payments of interest on a Note to a Non-U.S. Holder if such Non-U.S. Holder certifies under penalties of perjury that it is not a United States person (generally by providing an IRS Form W-8BEN) or otherwise establishes an exemption.

Proceeds from the sale, retirement or other disposition of a Note by a Non-U.S. Holder effected through a non-U.S. office of a U.S. broker or of a non-U.S. broker with certain specified U.S. connections generally will be subject to information reporting, but not backup withholding, unless such Non-U.S. Holder certifies under penalties of perjury that it is not a United States person (generally by providing an IRS Form W-8BEN) or otherwise establishes an exemption. Proceeds from the sale, retirement or other disposition of a Note by a Non-U.S. Holder effected through a U.S. office of a broker generally will be subject to information reporting and backup withholding, unless such Non-U.S. Holder certifies under penalties of perjury that it is not a United States person (generally by providing an IRS Form W-8BEN) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, *provided* that the required information is furnished by such Non-U.S. Holder on a timely basis to the IRS.

CERTAIN ERISA CONSIDERATIONS

General

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on employee benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (“ERISA Plans”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code, prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts, or entities that are deemed to hold the assets of such plans or accounts (together with ERISA Plans, “Plans”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Any Plan fiduciary which proposes to cause a Plan to exchange the Old Notes for New Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such exchange and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Foreign plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to U.S. federal, state, local, or foreign law or regulation that is substantially similar to the foregoing provisions of ERISA and the Code (“*Similar Law*”). Fiduciaries of any such plans should consult with their counsel before exchanging Old Notes for New Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such laws or regulations.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to exchange Old Notes for New Notes should consider, among other things, whether such exchange and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or a disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, American, the Trustee, the Security Agent and their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to exchange Old Notes for New Notes on behalf of a Plan, Prohibited Transaction Class Exemption (“PTCE”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 96-23 (relating to transactions directed by an in-house asset manager) or PTCE 90-1 (relating to investments by insurance company pooled separate accounts) (collectively, the “*Class Exemptions*”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Each person who acquires or accepts a Note or an interest therein will be deemed by such acquisition or acceptance to have represented and warranted that either: (i) no assets of (a) an employee benefit plan subject to Title I of ERISA, (b) a plan described in Section 4975(e)(1) of the Code, (c) an entity whose underlying assets are deemed to include assets of any such employee benefit plan or plan, or (d) a foreign, governmental or church plan that is subject to Similar Law have been used to purchase such Note or any interest therein; or (ii) the purchase and holding of such Note or any interest therein by such person are

exempt from the prohibited transaction restrictions of ERISA and the Code or any similar provision of Similar Law, as applicable, pursuant to one or more prohibited transaction statutory or administrative exemptions.

Special Considerations Applicable to Insurance Company General Accounts

Any insurance company proposing to invest assets of its general account in the Notes should consider the implications of the United States Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86, 114 S. Ct. 517 (1993), which in certain circumstances treats such general account assets as assets of a Plan that owns a policy or other contract with such insurance company, as well as the effect of Section 401(c) of ERISA as interpreted by regulations issued by the United States Department of Labor in January, 2000.

EACH PLAN FIDUCIARY (AND EACH FIDUCIARY FOR A FOREIGN, GOVERNMENTAL OR CHURCH PLAN SUBJECT TO SIMILAR LAW) SHOULD CONSULT WITH ITS LEGAL ADVISOR CONCERNING THE POTENTIAL CONSEQUENCES TO THE PLAN UNDER ERISA, THE CODE OR SUCH SIMILAR LAW OF AN INVESTMENT IN THE NOTES.

PLAN OF DISTRIBUTION

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 90 days after the Expiration Date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of New Notes by broker-dealers. New Notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such New Notes. Any broker-dealer that resells New Notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such New Notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on any such resale of New Notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 90 days after the Expiration Date, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer other than commissions or concessions of any broker-dealers and will indemnify certain Noteholders (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

Based on interpretations by the staff of the SEC as set forth in no-action letters issued to third parties (including Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley & Co. Incorporated (available June 5, 1991), K-111 Communications Corporation (available May 14, 1993) and Shearman & Sterling (available July 2, 1993)), we believe that the New Notes issued pursuant to the exchange offer may be offered for resale, resold and otherwise transferred by any holder of such New Notes, other than any such holder that is a broker-dealer or an “affiliate” of us within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

- such New Notes are acquired in the ordinary course of business;
- at the time of the commencement of the exchange offer, such holder has no arrangement or understanding with any person to participate in a distribution of such New Notes; and
- such holder is not engaged in and does not intend to engage in a distribution of such New Notes.

We have not sought and do not intend to seek a no-action letter from the SEC with respect to the effects of the exchange offer, and there can be no assurance that the staff of the SEC would make a similar determination with respect to the New Notes as it has in such no-action letters.

VALIDITY OF THE NEW NOTES

The validity of the New Notes is being passed upon for American by Gary F. Kennedy, Esq., Senior Vice President, General Counsel and Chief Compliance Officer of American.

EXPERTS

The consolidated financial statements of AMR appearing in AMR's Current Report (Form 8-K) dated April 21, 2009 (including schedule appearing therein), the consolidated financial statements of American appearing in American's Annual Report (Form 10-K) for the year ended December 31, 2008 (including schedule appearing therein) have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The references to Aircraft Information Services, Inc., BK Associates, Inc. and Morten Beyer & Agnew, Inc., and to their respective appraisal reports, are included herein in reliance upon the authority of each such firm as an expert with respect to the matters contained in its appraisal report.

WHERE YOU CAN FIND MORE INFORMATION

We and our parent company, AMR, file annual, quarterly and current reports, proxy statements (in the case of AMR only) and other information with the SEC. You may read and copy this information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available from the SEC's Internet site at <http://www.sec.gov>, which contains reports, proxy and information statements, and other information regarding issuers that file electronically.

This prospectus is part of a registration statement that we have filed with the SEC. This prospectus does not contain all of the information we have included in the registration statement and the accompanying exhibits and schedules in accordance with the rules and regulations of the SEC, and we refer you to the omitted information. The statements this prospectus makes pertaining to the content of any contract, agreement or other document that is an exhibit to the registration statement necessarily are summaries of their material provisions and do not describe all exceptions and qualifications contained in those contracts, agreements or documents. You should read those contracts, agreements or documents for information that may be important to you. The registration statement, exhibits and schedules are available at the SEC's Public Reference Room or through its Internet site.

We "incorporate by reference" in this prospectus certain documents that we or AMR files with the SEC, which means:

- we can disclose important information to you by referring you to those documents; and
- information incorporated by reference is considered to be part of this prospectus, even though it is not repeated in this prospectus.

The following documents listed below that we and AMR have previously filed with the SEC (Commission File Numbers 001-02691 and 001-08400, respectively) are incorporated by reference (other than reports or portions thereof furnished under Items 2.02 or 7.01 of Form 8-K):

<u>Filing</u>	<u>Date Filed</u>
Annual Reports on Form 10-K of American and AMR for the year ended December 31, 2008	February 19, 2009 (except, in the case of AMR, for Items 1, 1A, 6, 7, 7A and 8 and Exhibit 12 thereto, which have been updated in AMR's Current Report on Form 8-K filed on April 21, 2009)

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Filing	Date Filed
Quarterly Reports on Form 10-Q of American and AMR for the quarters ended March 31, 2009 and June 30, 2009	April 16, 2009 July 15, 2009
Current Reports on Form 8-K of American	January 6, 2009 January 15, 2009 February 3, 2009 February 5, 2009 February 18, 2009 March 4, 2009 March 18, 2009 April 3, 2009 May 5, 2009 June 4, 2009 June 11, 2009 June 18, 2009 June 25, 2009 June 26, 2009 June 29, 2009 July 6, 2009 July 7, 2009 August 3, 2009 August 5, 2009
Current Reports on Form 8-K of AMR	January 6, 2009 January 15, 2009 January 23, 2009 February 3, 2009 February 5, 2009 February 18, 2009 March 4, 2009 March 18, 2009 April 3, 2009 April 21, 2009 May 5, 2009 June 4, 2009 June 11, 2009 June 18, 2009 June 25, 2009 June 26, 2009 July 6, 2009 July 7, 2009 August 3, 2009 August 5, 2009

You can obtain any of the filings incorporated by reference in this prospectus through us or from the SEC through the SEC's Internet site or at the address listed above. You may request orally or in writing, without charge, a copy of any or all of the documents which are incorporated in this prospectus by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests for such copies should be directed to American Airlines, Inc., 4333 Amon Carter Boulevard, Mail Drop 5651, Fort Worth, Texas 76155, Attention: Investor Relations (Telephone: (817) 967-2970).

APPENDIX I
INDEX OF TERMS

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APPENDIX II
APPRAISAL LETTERS

Appendix II-1



Mr. Ken Menezes
Principal, Corporate Finance
American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, TX 76155-2605

Sight Unseen Half Life Current Market Value Opinion
12 Aircraft Portfolio

AISI File No.: A9S031VO-2
Date: 27 July 2009



Mr. Ken Menezes
Principal, Corporate Finance
American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, TX 76155-2605

Subject: Sight Unseen Half Life Current Market Value Opinion,
12 Aircraft Portfolio

AISI File number: A9S031BVO-2

Ref: (a) Email messages 10 June, 07 July, 24 July 2009

Dear Mr. Menezes:

Aircraft Information Services, Inc. (AIS) has been requested to offer our opinion of the sight unseen June 2009 half life current market value for 12 used aircraft (the "Aircraft") as identified and defined in Table I and reference (a) above (the 'Aircraft'). The Aircraft are valued in June 2009 US dollars.

1. **Methodology and Definitions**

The standard terms of reference for commercial aircraft value are 'base value' and 'current market value' of an 'average' aircraft. Base value is a theoretical value that assumes a hypothetical balanced market while current market value is the value in the real market; both assume a hypothetical average aircraft condition. All other values are derived from these values. AIS value definitions are consistent with the current definitions of the International Society of Transport Aircraft Trading (ISTAT), those of 01 January 1994. AIS is a member of that organization and employs an ISTAT Certified and Senior Certified Appraiser.

AIS defines a 'base value' as that of a transaction between an equally willing and informed buyer and seller, neither under compulsion to buy or sell, for a single unit cash transaction with no hidden value or liability, with supply and demand of the sale item roughly in balance and with no event which would cause a short term change in the market. Base values are typically given for aircraft in 'new' condition, 'average half-life' condition, or 'adjusted' for an aircraft in a specifically described condition at a specific time.

Headquarters, 26072 Merit Circle, Suite 123, Laguna Hills, CA 92653
TEL: 949-582-8888 FAX: 949-582-8887 EMAIL: mail@AIS.aero



27 July 2009
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An 'average' aircraft is an operable airworthy aircraft in average physical condition and with average accumulated flight hours and cycles, with clear title and standard unrestricted certificate of airworthiness, and registered in an authority which does not represent a penalty to aircraft value or liquidity, with no damage history and with inventory configuration and level of modification which is normal for its intended use and age. Note that a stored aircraft is not an 'average' aircraft. AISI assumes average condition unless otherwise specified in this report.

AISI also assumes that airframe, engine and component parts are from the original equipment manufacturer (OEM) and that maintenance, maintenance program and essential records are sufficient to permit normal commercial operation under a strict airworthiness authority.

'Half-life' condition assumes that every component or maintenance service which has a prescribed interval that determines its service life, overhaul interval or interval between maintenance services, is at a condition which is one-half of the total interval.

'Full-life' condition assumes zero time since overhaul of airframe, gear, apu, engine overhaul and engine LLPs.

An 'adjusted' appraisal reflects an adjustment from half life condition for the actual condition, utilization, life remaining or time remaining of an airframe, engine or component.

It should be noted that AISI and ISTAT value definitions apply to a transaction involving a single aircraft, and that transactions involving more than one aircraft are often executed at considerable and highly variable discounts to a single aircraft price, for a variety of reasons relating to an individual buyer or seller.

AISI defines a 'current market value', which is synonymous with the older term 'fair market value' as that value which reflects the real market conditions including short term events, whether at, above or below the base value conditions. Assumptions of a single unit sale and definitions of aircraft condition, buyer/seller qualifications and type of transaction remain unchanged from that of base value. Current market value takes into consideration the status of the economy in which the aircraft is used, the status of supply and demand for the particular aircraft type, the value of recent transactions and the opinions of informed buyers and sellers. Note that for a current market value to exist, the seller may not be under duress. Current market value assumes that there is no short term time constraint to buy or sell.

AISI defines a 'distressed market value' as that value which reflects the real market condition including short term events, when the market for the subject aircraft is so depressed that the seller is under duress. Distressed market value assumes that there is a time constraint to sell within a period of less than 1 year. All other assumptions remain unchanged from that of 'current market value'.



None of the AISI value definitions take into account remarketing costs, brokerage costs, storage costs, recertification costs or removal costs.

AISI encourages the use of base values to consider historical trends, to establish a consistent baseline for long term value comparisons and future value considerations, or to consider how actual market values vary from theoretical base values. Base values are less volatile than current market values and tend to diminish regularly with time. Base values are normally inappropriate to determine near term values. AISI encourages the use of current market values to consider the probable near term value of an aircraft when the seller is not under duress. AISI encourages the use of distressed market values to consider the probable near term value of an aircraft when the seller is under duress.

No physical inspection of the Aircraft or their essential records was made by AISI for the purposes of this report, nor has any attempt been made to verify information provided to us, which is assumed to be correct and applicable to the Aircraft.

If more than one aircraft is contained in this report than it should be noted that the values given are not directly additive, that is, the total of the given values is not the value of the fleet but rather the sum of the values of the individual aircraft if sold individually over time so as not to exceed demand.

2. **Valuation**

It is our considered opinion that the sight unseen half life current market values of the Aircraft at 30 June 2009 are as follows in Table I subject to the assumptions, definitions, and disclaimers herein.

The Aircraft are valued in June 2009 million US dollars.



TABLE 1
 A9S031BVO-2
 Report Dated 27 July 2009
 Values as of 30 June 2009

No	Type	MSN	DOM	Engine	MTOW	Half Life Current Market Jun-09 Million US Dollars
1	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29511	May-99	CFM56-7B26	174,200	25.64
2	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29512	May-99	CFM56-7B26	174,200	25.64
3	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29513	Jun-99	CFM56-7B26	174,200	25.64
4	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29515	Jul-99	CFM56-7B26	174,200	25.64
5	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29516	Jul-99	CFM56-7B26	174,200	25.64
6	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29517	Aug-99	CFM56-7B26	174,200	25.64
7	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29518	Aug-99	CFM56-7B26	174,200	25.64
8	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29519	Sep-99	CFM56-7B26	174,200	25.64
9	B737-823 (winglet, 3rd VHF, 2 HF, overwater equipped)	29520	Sep-99	CFM56-7B26	174,200	25.64
10	B767-323ER (long range overwater ETOP)	29606	May-99	CF6-80C2B6	408,000	36.57
11	B777-223ER (long range overwater ETOP)	29587	Jun-99	Trent 892	648,000	73.46
12	B777-223ER (long range overwater ETOP)	29955	Jun-99	Trent 892	648,000	73.46
Totals						414.25



27 July 2009
AISI File No. A9S031BV0-2
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Unless otherwise agreed by Aircraft Information Services, Inc. (AISI) in writing, this report shall be for the sole use of the client/addressee. This report is offered as a fair and unbiased assessment of the subject aircraft. AISI has no past, present, or anticipated future interest in any of the subject aircraft. The conclusions and opinions expressed in this report are based on published information, information provided by others, reasonable interpretations and calculations thereof and are given in good faith. AISI certifies that this report has been independently prepared and it reflects AISI's conclusions and opinions which are judgments that reflect conditions and values current at the time of this report. The values and conditions reported upon are subject to any subsequent change. AISI shall not be liable to any party for damages arising out of reliance or alleged reliance on this report, or for any party's action or failure to act as a result of reliance or alleged reliance on this report.

Sincerely,

AIRCRAFT INFORMATION SERVICES, INC.

A handwritten signature in black ink, appearing to read 'F. Bearden', is positioned below the company name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Fred Bearden
CEO



1295 Northern Boulevard
Manhasset, New York 11030
(516) 365-6272 · Fax (516) 365-6287

July 27, 2009

Mr. Ken Menezes, Principal
Corporate Finance
American Airlines, Inc.
4333 Amon Carter Blvd., MD 5662
Fort Worth, TX 76155-2605

Dear Mr. Menezes:

In response to your request, BK Associates, Inc. is pleased to provide our opinion regarding the half-time Current Market Value (CMV) for 12 Boeing aircraft in the American Airlines Fleet. The aircraft, which consist of B737-823W, B767-323ER or B777-223ER models, are further identified in the attached Figure 1 by registration, serial number, engine model, date of manufacture and maximum takeoff weight. Our opinion of the values is included in Figure 1.

DEFINITIONS

According to the International Society of Transport Aircraft Trading's (ISTAT) definition of Fair Market Value, to which BK Associates subscribes, the quoted fair market value is the Appraiser's opinion of the most likely trading price that may be generated for an aircraft under the market circumstances that are perceived to exist at the time in question. The fair market value assumes that the aircraft is valued for its highest, best use, that the parties to the hypothetical sale transaction are willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers, which BK Associates considers to be 12 to 18 months. The market value normally refers to a transaction involving a single aircraft. When multiple aircraft are acquired in the same transaction, the trading price of each unit may be discounted.

Base Value, is the Appraiser's opinion of the underlying economic value of an aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration of its "highest and best use". An aircraft's base value is founded in the historical trend of values and in the projection of future value trends and presumes an arm's length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing.

MARKET DISCUSSION & METHODOLOGY

Current values are normally based on comparison to recent sales of comparable aircraft. Unfortunately, there have been few recent transactions involving comparable aircraft for which the price was divulged. In recent years the major airlines and other aviation industry entities in the United States have claimed, with support of the government and the courts that the realizations in their aircraft sales should be kept confidential.

There have been no publicly reported sales of comparable aircraft that would indicate its current value. Some prices are divulged informally in private conversations, and of course, appraisers are often privy to transaction prices from appraisals they have conducted. These cannot be divulged in our reports.

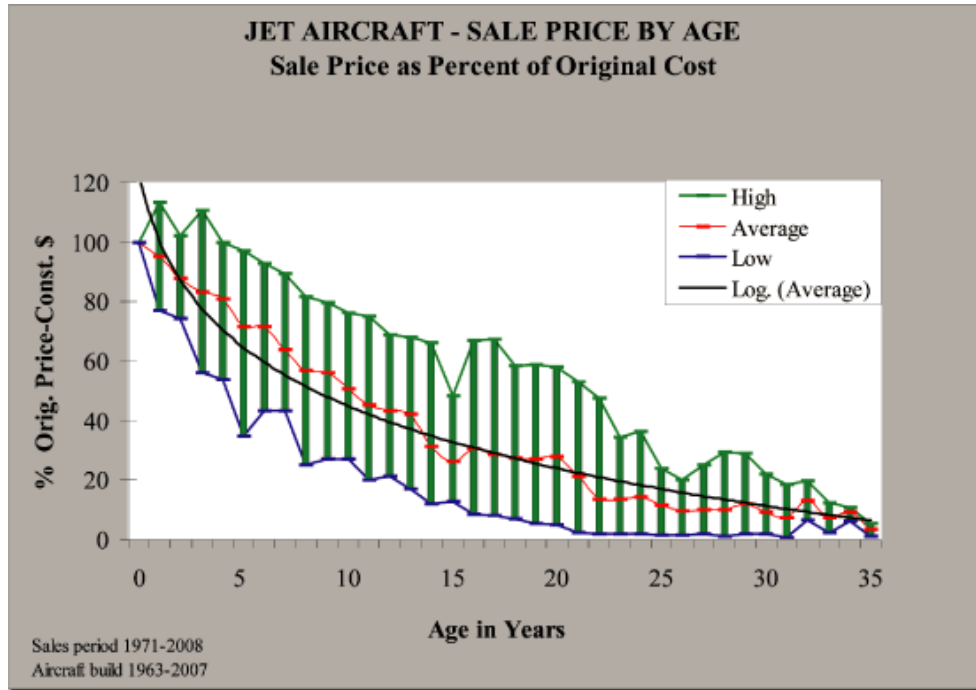
From these sources we are aware of several transactions in the past year of some B777 and B737-800 aircraft. These are not directly comparable because they are older or younger aircraft than those being appraised. However, they do serve to confirm the comparable values in our database and confirm our methodology.

In the absence of recent comparable sales, an appropriate methodology is to determine the base value that would apply in a balanced market and then assess the current market conditions to determine the market value.

As the definition implies, the base value is determined from long-term historical trends. BK Associates has accumulated a database of over 10,000 data points of aircraft sales that occurred since 1970. From analysis of these data we know, for example, what the average aircraft should sell for as a percentage of its new price, as well as, the high and low values that have occurred in strong and weak markets.

Based on these data, we have developed relationships between aircraft age and sale price for wide-bodies, narrow-bodies, large turboprops and, more recently, regional jet and freighter aircraft. Within these groups we have developed further refinements for such things as derivative aircraft, aircraft still in production versus no longer in production, and aircraft early in the production run versus later models. Within each group variations are determined by the performance capabilities of each aircraft relative to the others. We now track some 150 different variations of aircraft types and models and determine current and forecast base values. These relationships are verified, and changed or updated if necessary, when actual sales data becomes available.

This relationship between sales price as a function of age and the original price is depicted in the following figure.



All of the Aircraft are 10 to 11 years old. The data suggest that a 10 to 11-year old aircraft should sell for 42 to 46 percent of its original price. So, for the B737-800s for example, the original price was likely about \$41 to \$42 million. The data suggest that on average today after allowing for inflation it should sell for about \$24.45 million. By a similar analysis the suggested average selling price today for the B767 would be \$47.5 to \$51.7 million and it would be \$70 to \$73 million for the B777s. However, recent experience has shown that after a long production run, even popular and successful aircraft tend to approach or fall below the “average” line in the figure, especially when the specific aircraft is in the latter half of its likely useful life. By contrast, new, popular and successful models tend to have values above the line for the first 10 years or so.

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July 27, 2009

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There is no doubt that all of these models have been quite successful. The B737-800 is arguably the most successful aircraft ever. There are about 2,800 in service or on order, which is surpassed only by the A320 with 3,800. However, the A320 has been in production for nearly 10 years longer and the B737-800 may well pass it some day. We conclude the B737-800 values are about 10 percent above the values suggested by the historical comparison.

Similarly, the B777 has been popular and successful. It has become the workhorse of the long-haul fleet. There are over 650 of all models in service with about 260 more on order. There are 407 ERs in service with 43 operators. We concluded it also has values some five percent higher than that suggested by the average historical data.

For the B767s, while they have been very successful, they were in production some 10 years before the other models. Production has essentially ceased although some new recent orders were placed to fill the gap created by delays of the B787. As noted above, experience has shown that in these circumstances the values tend to fall below the "average" line in the figure and we conclude the current base values are about eight percent below.

Regarding the current market values, we consider the current demand is still relatively strong for the B737-800s and the B777 and conclude the market for them is in balance and the CMV equals the BV. There are only five B737-800s listed as being for sale or lease but all are for lease only. Similarly, there are only five B777-200ERs listed.

For the B767-300ER, 14 are listed as being on the market. They represent 2.8 percent of the fleet. Experience has shown that downward pressure begins on values when more than one percent of the fleet is idle. We conclude the CMVs of the B767-300ER is about 10 percent below the base value.

ASSUMPTIONS & DISCLAIMER

It should be understood that BK Associates has neither inspected the Aircraft nor the maintenance records, but has relied upon the information provided by you and in the BK Associates database. The assumptions have been made that all Airworthiness Directives have been complied with; accident damage has not been incurred that would affect market values; the Aircraft are at half-time between major maintenance events; and maintenance has been accomplished in accordance with a civil airworthiness authority's approved maintenance program and accepted industry standards. Further, we have assumed unless otherwise stated, that the Aircraft is in typical configuration for the type and has accumulated an average number of hours and cycles. Deviations from these assumptions can change significantly our opinion regarding the values.

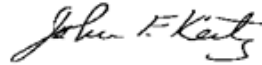
July 27, 2009

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BK Associates, Inc. has no present or contemplated future interest in the Aircraft, nor any interest that would preclude our making a fair and unbiased estimate. This appraisal represents the opinion of BK Associates, Inc. and reflects our best judgment based on the information available to us at the time of preparation and the time and budget constraints imposed by the client. It is not given as a recommendation, or as an inducement, for any financial transaction and further, BK Associates, Inc. assumes no responsibility or legal liability for any action taken or not taken by the addressee, or any other party, with regard to the appraised equipment. By accepting this appraisal, the addressee agrees that BK Associates, Inc. shall bear no such responsibility or legal liability. This appraisal is prepared for the use of the addressee and shall not be provided to other parties without the express consent of the addressee.

Sincerely,

BK ASSOCIATES, INC.



John F. Keitz

President

ISTAT Senior Certified Appraiser

And Appraiser Fellow

JFK/kf

Attachment

Figure 1
American Airlines
Current Values \$millions

	<u>AIRCRAFT TYPE</u>	<u>REGIST.</u>	<u>SERIAL NUMBER</u>	<u>ENGINE</u>	<u>DATE of MFGR.</u>	<u>MTOW Lbs.</u>	<u>1/2 time CMV</u>
1	B737-823	N909AN	29511	CFM56-7B26	05-19-1999	174,200	27.60
2	B737-823	N910AN	29512	CFM56-7B26	05-25-1999	174,200	27.60
3	B737-823	N912AN	29513	CFM56-7B26	06-24-1999	174,200	27.60
4	B737-823	N914AN	29515	CFM56-7B26	07-16-1999	174,200	27.60
5	B737-823	N915AN	29516	CFM56-7B26	07-23-1999	174,200	27.60
6	B737-823	N916AN	29517	CFM56-7B26	08-06-1999	174,200	28.20
7	B737-823	N917AN	29518	CFM56-7B26	08-20-1999	174,200	28.20
8	B737-823	N918AN	29519	CFM56-7B26	09-09-1999	174,200	28.20
9	B737-823	N919AN	29520	CFM56-7B26	09-14-1999	174,200	28.20
10	B767-323ER	N399AN	29606	CF6-80C2B6	05-20-1999	408,000	41.80
11	B777-223	N778AN	29587	Trent 892	06-01-1999	648,000	76.20
12	B777-223	N779AN	29955	Trent 892	06-27-1999	648,000	76.20

June 12, 2009

Mr. Ken Menezes
Principal — Corporate Finance
American Airlines

VIA E-MAIL

Dear Mr. Menezes:

Morten Beyer & Agnew (mba) has been retained by American Airlines (the Client) to render its Expert Opinion of the Half-Time Current Market¹ (CMV) Values of nine (9) Boeing 737-800, one (1) Boeing 767-300ER, and two (2) Boeing 777-200ER aircraft as of June 2009.

In rendering this Expert Opinion, mba has relied upon industry knowledge, confidentially obtained data points, its market expertise and current analysis of market trends and conditions, along with information extrapolated from its semi-annual publication mba **Future Aircraft Values — Jet Transport**.

In developing the Value of these aircraft, mba did not inspect the aircraft or the records and documentation associated with the aircraft, but relied solely on partial information supplied by the Client. This information was not independently verified by mba. Therefore, we used certain assumptions that are generally accepted industry practice to calculate the value of aircraft when more detailed information is not available.

The principal assumptions for these aircraft are as follows:

1. The aircraft is in good overall condition.
2. The overhaul status of the airframe, engines, landing gear and other major components are the equivalent of mid-time/mid-life, or new, unless otherwise stated.
3. The historical maintenance documentation has been maintained to acceptable international standards.
4. The specifications of the aircraft are those most common for an aircraft of its type and vintage.
5. The aircraft is in a standard airline configuration.
6. The aircraft is current as to all Airworthiness Directives and Service Bulletins.
7. Its modification status is comparable to that most common for an aircraft of its type and vintage.
8. Its utilization is comparable to industry averages.
9. There is no history of accident or incident damage.
10. No accounting is made for lease revenues, obligations or terms of ownership unless otherwise specified.

¹ Current Market Value is the Appraiser's opinion of the most likely trading price that may be generated for an aircraft under the market circumstances that are perceived to exist at the time in question. Market Value assumes that the aircraft is valued for its highest, best use, that the parties to the sale transaction are willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's-length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.

APPENDIX III

ALLOCABLE PORTION OF THE NOTES AND LOAN TO VALUE RATIOS PER AIRCRAFT

The following tables set forth LTVs for the Allocable Portion of the Notes with respect to each Aircraft as of the Cut-Off Date and each Payment Date. For any date before the first Payment Date, the Allocable Portion of the Notes with respect to each Aircraft will be the amount specified in Appendix III for the Cut-Off Date. For any date after the first Payment Date, other than a Payment Date, the Allocable Portion of the Notes with respect to each Aircraft will be the amount specified in Appendix III for the Payment Date that immediately precedes such date.

The LTVs for the Cut-Off Date and each Payment Date listed in such tables were obtained by dividing (i) the Allocable Portion of the Notes with respect to each Aircraft (assuming all of the Aircraft are subjected to the lien of the Aircraft Security Agreement on or prior to the Cut-Off Date, and that no Payment Default or redemption has occurred) determined immediately after giving effect to any principal payments scheduled to be made on each such date by (ii) the Assumed Aircraft Value on such date, calculated based on the Depreciation Assumption, of such Aircraft. See “Description of the Aircraft and the Appraisals — The Appraisals” and “Description of the Notes — Security — Loan to Value Ratios of Notes.”

The Depreciation Assumption contemplates that the Assumed Aircraft Value of each Aircraft depreciates annually by approximately 3% of the value at delivery per year for the first 15 years after delivery of such Aircraft by the manufacturer, by approximately 4% per year thereafter for the next five years and by approximately 5% each year after that. The appraised value of each Aircraft is the theoretical value that, when depreciated from the initial delivery of such Aircraft by the manufacturer in accordance with the Depreciation Assumption, results in the appraised value of such Aircraft specified under “Prospectus Summary — The Aircraft” and “Description of the Aircraft and the Appraisals — The Appraisals.”

Other rates or methods of depreciation could result in materially different LTVs, and no assurance can be given (i) that the depreciation rate and method assumed for the purposes of the tables are the ones most likely to occur or (ii) as to the actual future value of any Aircraft. Thus, the tables should not be considered a forecast or prediction of expected or likely LTVs, but simply a mathematical calculation based on one set of assumptions. See “Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer — Appraisals should not be relied upon as a measure of realizable value of the Aircraft.”

A. Boeing 737-823

Date	N909AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,260,000.00	\$17,069,000.00	\$ 0.00	65.0%
February 1, 2010	25,697,285.71	15,932,300.60	1,136,699.40	62.0
August 1, 2010	25,134,571.43	14,829,380.60	1,102,920.00	59.0
February 1, 2011	24,571,857.14	13,760,223.46	1,069,157.14	56.0
August 1, 2011	24,009,142.86	12,724,829.17	1,035,394.29	53.0
February 1, 2012	23,446,428.57	11,723,197.74	1,001,631.43	50.0
August 1, 2012	22,883,714.29	10,755,329.17	967,868.57	47.0
February 1, 2013	22,321,000.00	9,821,223.45	934,105.72	44.0
August 1, 2013	21,758,285.71	8,920,880.60	900,342.85	41.0
February 1, 2014	21,195,571.43	8,054,300.58	866,580.02	38.0
August 1, 2014	20,632,857.14	7,221,483.43	832,817.15	35.0
February 1, 2015	19,882,571.43	6,362,406.28	859,077.15	32.0
August 1, 2015	19,132,285.71	5,548,346.28	814,060.00	29.0
February 1, 2016	18,382,000.00	4,779,303.42	769,042.86	26.0
August 1, 2016	17,631,714.29	0.00	4,779,303.42	0.0

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Date	N910AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,260,000.00	\$17,069,000.00	\$ 0.00	65.0%
February 1, 2010	25,697,285.71	15,932,300.60	1,136,699.40	62.0
August 1, 2010	25,134,571.43	14,829,380.60	1,102,920.00	59.0
February 1, 2011	24,571,857.14	13,760,223.46	1,069,157.14	56.0
August 1, 2011	24,009,142.86	12,724,829.17	1,035,394.29	53.0
February 1, 2012	23,446,428.57	11,723,197.74	1,001,631.43	50.0
August 1, 2012	22,883,714.29	10,755,329.17	967,868.57	47.0
February 1, 2013	22,321,000.00	9,821,223.45	934,105.72	44.0
August 1, 2013	21,758,285.71	8,920,880.60	900,342.85	41.0
February 1, 2014	21,195,571.43	8,054,300.58	866,580.02	38.0
August 1, 2014	20,632,857.14	7,221,483.43	832,817.15	35.0
February 1, 2015	19,882,571.43	6,362,406.28	859,077.15	32.0
August 1, 2015	19,132,285.71	5,548,346.28	814,060.00	29.0
February 1, 2016	18,382,000.00	4,779,303.42	769,042.86	26.0
August 1, 2016	17,631,714.29	0.00	4,779,303.42	0.0

Date	N912AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,390,000.00	\$17,153,000.00	\$ 0.00	65.0%
February 1, 2010	25,824,500.00	16,011,173.38	1,141,826.62	62.0
August 1, 2010	25,259,000.00	14,902,793.38	1,108,380.00	59.0
February 1, 2011	24,693,500.00	13,828,343.38	1,074,450.00	56.0
August 1, 2011	24,128,000.00	12,787,823.38	1,040,520.00	53.0
February 1, 2012	23,562,500.00	11,781,233.38	1,006,590.00	50.0
August 1, 2012	22,997,000.00	10,808,573.37	972,660.01	47.0
February 1, 2013	22,431,500.00	9,869,843.37	938,730.00	44.0
August 1, 2013	21,866,000.00	8,965,043.37	904,800.00	41.0
February 1, 2014	21,300,500.00	8,094,173.36	870,870.01	38.0
August 1, 2014	20,735,000.00	7,257,233.34	836,940.02	35.0
February 1, 2015	19,981,000.00	6,393,903.34	863,330.00	32.0
August 1, 2015	19,227,000.00	5,575,813.34	818,090.00	29.0
February 1, 2016	18,473,000.00	4,802,963.33	772,850.01	26.0
August 1, 2016	17,719,000.00	0.00	4,802,963.33	0.0

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Date	N914AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,520,000.00	\$17,238,000.00	\$ 0.00	65.0%
February 1, 2010	25,951,714.29	16,090,046.16	1,147,953.84	62.0
August 1, 2010	25,383,428.57	14,976,206.15	1,113,840.01	59.0
February 1, 2011	24,815,142.86	13,896,463.30	1,079,742.85	56.0
August 1, 2011	24,246,857.14	12,850,817.58	1,045,645.72	53.0
February 1, 2012	23,678,571.43	11,839,269.01	1,011,548.57	50.0
August 1, 2012	23,110,285.71	10,861,817.58	977,451.43	47.0
February 1, 2013	22,542,000.00	9,918,463.29	943,354.29	44.0
August 1, 2013	21,973,714.29	9,009,206.15	909,257.14	41.0
February 1, 2014	21,405,428.57	8,134,046.13	875,160.02	38.0
August 1, 2014	20,837,142.86	7,292,983.26	841,062.87	35.0
February 1, 2015	20,079,428.57	6,425,400.40	867,582.86	32.0
August 1, 2015	19,321,714.29	5,603,280.40	822,120.00	29.0
February 1, 2016	18,564,000.00	4,826,623.25	776,657.15	26.0
August 1, 2016	17,806,285.71	0.00	4,826,623.25	0.0

Date	N915AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,520,000.00	\$17,238,000.00	\$ 0.00	65.0%
February 1, 2010	25,951,714.29	16,090,046.16	1,147,953.84	62.0
August 1, 2010	25,383,428.57	14,976,206.15	1,113,840.01	59.0
February 1, 2011	24,815,142.86	13,896,463.30	1,079,742.85	56.0
August 1, 2011	24,246,857.14	12,850,817.58	1,045,645.72	53.0
February 1, 2012	23,678,571.43	11,839,269.01	1,011,548.57	50.0
August 1, 2012	23,110,285.71	10,861,817.58	977,451.43	47.0
February 1, 2013	22,542,000.00	9,918,463.29	943,354.29	44.0
August 1, 2013	21,973,714.29	9,009,206.15	909,257.14	41.0
February 1, 2014	21,405,428.57	8,134,046.13	875,160.02	38.0
August 1, 2014	20,837,142.86	7,292,983.26	841,062.87	35.0
February 1, 2015	20,079,428.57	6,425,400.40	867,582.86	32.0
August 1, 2015	19,321,714.29	5,603,280.40	822,120.00	29.0
February 1, 2016	18,564,000.00	4,826,623.25	776,657.15	26.0
August 1, 2016	17,806,285.71	0.00	4,826,623.25	0.0

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Date	N916AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,640,000.00	\$17,316,000.00	\$ 0.00	65.0%
February 1, 2010	26,069,142.86	16,162,851.79	1,153,148.21	62.0
August 1, 2010	25,498,285.71	15,043,971.79	1,118,880.00	59.0
February 1, 2011	24,927,428.57	13,959,343.22	1,084,628.57	56.0
August 1, 2011	24,356,571.43	12,908,966.08	1,050,377.14	53.0
February 1, 2012	23,785,714.29	11,892,840.36	1,016,125.72	50.0
August 1, 2012	23,214,857.14	10,910,966.07	981,874.29	47.0
February 1, 2013	22,644,000.00	9,963,343.21	947,622.86	44.0
August 1, 2013	22,073,142.86	9,049,971.78	913,371.43	41.0
February 1, 2014	21,502,285.71	8,170,851.77	879,120.01	38.0
August 1, 2014	20,931,428.57	7,325,983.19	844,868.58	35.0
February 1, 2015	20,170,285.71	6,454,474.61	871,508.58	32.0
August 1, 2015	19,409,142.86	5,628,634.61	825,840.00	29.0
February 1, 2016	18,648,000.00	4,848,463.18	780,171.43	26.0
August 1, 2016	17,886,857.14	0.00	4,848,463.18	0.0

Date	N917AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,640,000.00	\$17,316,000.00	\$ 0.00	65.0%
February 1, 2010	26,069,142.86	16,162,851.79	1,153,148.21	62.0
August 1, 2010	25,498,285.71	15,043,971.79	1,118,880.00	59.0
February 1, 2011	24,927,428.57	13,959,343.22	1,084,628.57	56.0
August 1, 2011	24,356,571.43	12,908,966.08	1,050,377.14	53.0
February 1, 2012	23,785,714.29	11,892,840.36	1,016,125.72	50.0
August 1, 2012	23,214,857.14	10,910,966.07	981,874.29	47.0
February 1, 2013	22,644,000.00	9,963,343.21	947,622.86	44.0
August 1, 2013	22,073,142.86	9,049,971.78	913,371.43	41.0
February 1, 2014	21,502,285.71	8,170,851.77	879,120.01	38.0
August 1, 2014	20,931,428.57	7,325,983.19	844,868.58	35.0
February 1, 2015	20,170,285.71	6,454,474.61	871,508.58	32.0
August 1, 2015	19,409,142.86	5,628,634.61	825,840.00	29.0
February 1, 2016	18,648,000.00	4,848,463.18	780,171.43	26.0
August 1, 2016	17,886,857.14	0.00	4,848,463.18	0.0

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Date	N918AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,770,000.00	\$17,400,000.00	\$ 0.00	65.0%
February 1, 2010	26,196,357.14	16,241,724.57	1,158,275.43	62.0
August 1, 2010	25,622,714.29	15,117,384.57	1,124,340.00	59.0
February 1, 2011	25,049,071.43	14,027,463.14	1,089,921.43	56.0
August 1, 2011	24,475,428.57	12,971,960.28	1,055,502.86	53.0
February 1, 2012	23,901,785.71	11,950,875.99	1,021,084.29	50.0
August 1, 2012	23,328,142.86	10,964,210.28	986,665.71	47.0
February 1, 2013	22,754,500.00	10,011,963.13	952,247.15	44.0
August 1, 2013	22,180,857.14	9,094,134.56	917,828.57	41.0
February 1, 2014	21,607,214.29	8,210,724.55	883,410.01	38.0
August 1, 2014	21,033,571.43	7,361,733.10	848,991.45	35.0
February 1, 2015	20,268,714.29	6,485,971.67	875,761.43	32.0
August 1, 2015	19,503,857.14	5,656,101.67	829,870.00	29.0
February 1, 2016	18,739,000.00	4,872,123.09	783,978.58	26.0
August 1, 2016	17,974,142.86	0.00	4,872,123.09	0.0

Date	N919AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$26,770,000.00	\$17,400,000.00	\$ 0.00	65.0%
February 1, 2010	26,196,357.14	16,241,724.57	1,158,275.43	62.0
August 1, 2010	25,622,714.29	15,117,384.57	1,124,340.00	59.0
February 1, 2011	25,049,071.43	14,027,463.14	1,089,921.43	56.0
August 1, 2011	24,475,428.57	12,971,960.28	1,055,502.86	53.0
February 1, 2012	23,901,785.71	11,950,875.99	1,021,084.29	50.0
August 1, 2012	23,328,142.86	10,964,210.28	986,665.71	47.0
February 1, 2013	22,754,500.00	10,011,963.13	952,247.15	44.0
August 1, 2013	22,180,857.14	9,094,134.56	917,828.57	41.0
February 1, 2014	21,607,214.29	8,210,724.55	883,410.01	38.0
August 1, 2014	21,033,571.43	7,361,733.10	848,991.45	35.0
February 1, 2015	20,268,714.29	6,485,971.67	875,761.43	32.0
August 1, 2015	19,503,857.14	5,656,101.67	829,870.00	29.0
February 1, 2016	18,739,000.00	4,872,123.09	783,978.58	26.0
August 1, 2016	17,974,142.86	0.00	4,872,123.09	0.0

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<u>Date</u>	<u>N399AN</u>			
	<u>Assumed Aircraft Value</u>	<u>Allocable Portion</u>	<u>Scheduled Principal Payment</u>	<u>LTV</u>
Cut-Off Date	\$40,150,000.00	\$26,097,000.00	\$ 0.00	65.0%
February 1, 2010	39,289,642.86	24,359,553.29	1,737,446.71	62.0
August 1, 2010	38,429,285.71	22,673,253.28	1,686,300.01	59.0
February 1, 2011	37,568,928.57	21,038,574.71	1,634,678.57	56.0
August 1, 2011	36,708,571.43	19,455,517.57	1,583,057.14	53.0
February 1, 2012	35,848,214.29	17,924,081.85	1,531,435.72	50.0
August 1, 2012	34,987,857.14	16,444,267.56	1,479,814.29	47.0
February 1, 2013	34,127,500.00	15,016,074.70	1,428,192.86	44.0
August 1, 2013	33,267,142.86	13,639,503.27	1,376,571.43	41.0
February 1, 2014	32,406,785.71	12,314,553.25	1,324,950.02	38.0
August 1, 2014	31,546,428.57	11,041,224.66	1,273,328.59	35.0
February 1, 2015	30,399,285.71	9,727,746.08	1,313,478.58	32.0
August 1, 2015	29,252,142.86	8,483,096.08	1,244,650.00	29.0
February 1, 2016	28,105,000.00	7,307,274.64	1,175,821.44	26.0
August 1, 2016	26,957,857.14	0.00	7,307,274.64	0.0

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Date	N778AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$73,156,666.67	\$47,552,000.00	\$ 0.00	65.0%
February 1, 2010	71,589,023.81	44,385,148.69	3,166,851.31	62.0
August 1, 2010	70,021,380.95	41,312,568.69	3,072,580.00	59.0
February 1, 2011	68,453,738.10	38,334,047.25	2,978,521.44	56.0
August 1, 2011	66,886,095.24	35,449,584.39	2,884,462.86	53.0
February 1, 2012	65,318,452.38	32,659,180.10	2,790,404.29	50.0
August 1, 2012	63,750,809.52	29,962,834.39	2,696,345.71	47.0
February 1, 2013	62,183,166.67	27,360,547.24	2,602,287.15	44.0
August 1, 2013	60,615,523.81	24,852,318.66	2,508,228.58	41.0
February 1, 2014	59,047,880.95	22,438,148.63	2,414,170.03	38.0
August 1, 2014	57,480,238.10	20,118,037.16	2,320,111.47	35.0
February 1, 2015	55,390,047.62	17,724,769.06	2,393,268.10	32.0
August 1, 2015	53,299,857.14	15,456,912.38	2,267,856.68	29.0
February 1, 2016	51,209,666.67	13,314,467.13	2,142,445.25	26.0
August 1, 2016	49,119,476.19	0.00	13,314,467.13	0.0

Date	N779AN			
	Assumed Aircraft Value	Allocable Portion	Scheduled Principal Payment	LTV
Cut-Off Date	\$73,156,666.67	\$47,552,000.00	\$ 0.00	65.0%
February 1, 2010	71,589,023.81	44,385,148.69	3,166,851.31	62.0
August 1, 2010	70,021,380.95	41,312,568.69	3,072,580.00	59.0
February 1, 2011	68,453,738.10	38,334,047.25	2,978,521.44	56.0
August 1, 2011	66,886,095.24	35,449,584.39	2,884,462.86	53.0
February 1, 2012	65,318,452.38	32,659,180.10	2,790,404.29	50.0
August 1, 2012	63,750,809.52	29,962,834.39	2,696,345.71	47.0
February 1, 2013	62,183,166.67	27,360,547.24	2,602,287.15	44.0
August 1, 2013	60,615,523.81	24,852,318.66	2,508,228.58	41.0
February 1, 2014	59,047,880.95	22,438,148.63	2,414,170.03	38.0
August 1, 2014	57,480,238.10	20,118,037.16	2,320,111.47	35.0
February 1, 2015	55,390,047.62	17,724,769.06	2,393,268.10	32.0
August 1, 2015	53,299,857.14	15,456,912.38	2,267,856.68	29.0
February 1, 2016	51,209,666.67	13,314,467.13	2,142,445.25	26.0
August 1, 2016	49,119,476.19	0.00	13,314,467.13	0.0



American Airlines, Inc.

Offer to Exchange

**\$276,400,000 Outstanding 13.0% 2009-2 Secured Notes due 2016 for
\$276,400,000 Registered 13.0% 2009-2 Secured Notes due 2016**

PROSPECTUS

, 2009

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the estimated fees and expenses (except for the Securities and Exchange Commission registration fee, which is not an estimate) payable by the registrant in connection with the registration of the notes:

Securities and Exchange Commission registration fee	\$ 15,424
Printing costs for registration statement, prospectus and related documents	\$ 60,000
Legal fees and expenses	\$200,000
Accountants' fees and expenses	\$ 15,000
Exchange agent fees	\$ 4,000
Miscellaneous	\$ 10,576
Total	\$305,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the DGCL, as amended, provides in regard to indemnification of directors and officers as follows:

§ 145. Indemnification of officers, directors, employees and agents; insurance

(a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

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(c) To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(g) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under this section.

(h) For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

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(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine a corporation's obligation to advance expenses (including attorneys' fees).

Article VII of American Airlines, Inc.'s by-laws provide in regard to indemnification of directors and officers as follows:

Section 1. *Nature of Indemnity.* The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was or has agreed to become a director or officer of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action by reason of the fact that he is or was or has agreed to become an employee or agent of the corporation, or is or was serving or has agreed to serve at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful; except that in the case of an action or suit by or in the right of the corporation to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. *Successful Defense.* To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 hereof or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. *Determination That Indemnification Is Proper.* (a) Any indemnification of a director or officer of the corporation under Section 1 hereof (unless ordered by a court) shall be made by the corporation unless a determination is made that indemnification of the director or officer is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Section 1 hereof. Such determination shall be made, with respect to a director or officer, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by a majority vote of such directors, even though less than a

quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

(b) Any indemnification of an employee or agent of the corporation (who is not also a director or officer of the corporation) under Section 1 hereof (unless ordered by a court) may be made by the corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 hereof. Such determination, in the case of an employee or agent, may be made (1) in accordance with the procedures outlined in the second sentence of Section 3(a), or (2) by an officer of the corporation, upon delegation of such authority by a majority of the Board of Directors.

Section 4. *Advance Payment of Expenses.* Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate. The board of directors may authorize the corporation's counsel to represent a director, officer, employee or agent in any action, suit or proceeding, whether or not the corporation is a party to such action, suit or proceeding.

Section 5. *Procedure for Indemnification of Directors or Officers.* Any indemnification of a director or officer of the corporation under Sections 1 and 2, or advance of costs, charges and expenses of a director or officer under Section 4 of this Article, shall be made promptly, and in any event within 60 days, upon the written request of the director or officer. If the corporation fails to respond within 60 days, then the request for indemnification shall be deemed to be approved. The right to indemnification or advances as granted by this Article shall be enforceable by the director or officer in any court of competent jurisdiction if the corporation denies such request, in whole or in part. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 4 of this Article where the required undertaking, if any, has been received by the corporation) that the claimant has not met the standard of conduct set forth in Section 1 of this Article, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors or a committee thereof, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 of this Article, nor the fact that there has been an actual determination by the corporation (including its board of directors or a committee thereof, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6. *Survival; Preservation of Other Rights.* The foregoing indemnification provisions shall be deemed to be a contract between the corporation and each director, officer, employee and agent who serves in such capacity at any time while these provisions as well as the relevant provisions of the Delaware Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit, or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent.

The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

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Section 7. *Insurance*. The corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the entire board of directors.

Section 8. *Savings Clause*. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director or officer and may indemnify each employee or agent of the corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

Section 102(b)(7) of the DGCL, as amended, provides in regard to the limitation of liability of directors and officers as follows:

(b) In addition to the matters required to be set forth in the certificate of incorporation by subsection (a) of this section, the certificate of incorporation may also contain any or all of the following matters:

(7) A provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director: (i) For any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under § 174 of this title; or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective. All references in this paragraph to a director shall also be deemed to refer (x) to a member of the governing body of a corporation which is not authorized to issue capital stock, and (y) to such other person or persons, if any, who, pursuant to a provision of the certificate of incorporation in accordance with § 141(a) of this title, exercise or perform any of the powers or duties otherwise conferred or imposed upon the board of directors by this title.

Article Ninth of American Airlines, Inc.'s certificates of incorporation provide in regard to the limitation of liability of directors and officers as follows:

NINTH: No director of the corporation shall be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

American Airlines, Inc.'s directors and officers are also insured against claims arising out of the performance of their duties in such capacities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

On July 31, 2009, we issued and privately placed \$276,400,000 aggregate principal amount of 13% 2009-2 Secured Notes due 2016, or the Notes. The Initial Purchasers for the Notes were Morgan Stanley & Co. Incorporated and Stifel, Nicolaus & Company, Incorporated. The Notes were sold to qualified institutional investors pursuant to Rule 144A under the Securities Act, to persons outside the United States in compliance with Regulation S under the Securities Act and to a limited number of institutional “accredited investors” within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act in compliance with Regulation D under the Securities Act. The sale of the Notes to the Initial Purchasers was exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereof. The issue price of the Notes was 100% and we paid the Initial Purchasers underwriting fees, discounts, commissions or other compensation of \$3,316,800.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibits.

A list of Exhibits filed herewith is contained on the Exhibit Index and is incorporated herein by reference.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement;

(c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offering therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining liability under the Securities Act of 1933 to any purchaser:

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(a) Each prospectus filed pursuant to Rule 424(b) as part of the registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(a) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(b) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(c) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(d) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, American Airlines, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Fort Worth, State of Texas, on September 3, 2009.

AMERICAN AIRLINES, INC.

By: /s/ Gary F. Kennedy
GARY F. KENNEDY
Senior Vice President, General Counsel
and Chief Compliance Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas W. Horton, Gary F. Kennedy and Kenneth W. Wimberly, and each of them severally, as his or her true and lawful attorney-in-fact and agent, acting alone, 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 or all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as such person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Gerard J. Arpey</u> Gerard J. Arpey	Chairman, President and Chief Executive Officer (Principal Executive Officer)	September 3, 2009
<u>/s/ Thomas W. Horton</u> Thomas W. Horton	Executive Vice President — Finance and Planning and Chief Financial Officer (Principal Financial and Accounting Officer)	September 3, 2009
<u>/s/ John W. Backmann</u> John W. Bachmann	Director	September 3, 2009
<u>/s/ David L. Boren</u> David L. Boren	Director	September 3, 2009

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Armando M. Codina</u> Armando M. Codina	Director	September 3, 2009
<u>/s/ Rajat K. Gupta</u> Rajat K. Gupta	Director	September 3, 2009
<u>/s/ Alberto Ibarguen</u> Alberto Ibarguen	Director	September 3, 2009
<u>/s/ Ann McLaughlin Korologos</u> Ann McLaughlin Korologos	Director	September 3, 2009
<u>/s/ Michael A. Miles</u> Michael A. Miles	Director	September 3, 2009
<u>/s/ Philip J. Purcell</u> Philip J. Purcell	Director	September 3, 2009
<u>/s/ Ray M. Robinson</u> Ray M. Robinson	Director	September 3, 2009
<u>/s/ Judith Rodin</u> Judith Rodin	Director	September 3, 2009
<u>/s/ Matthew K. Rose</u> Matthew K. Rose	Director	September 3, 2009
<u>/s/ Roger T. Staubach</u> Roger T. Staubach	Director	September 3, 2009

EXHIBIT INDEX

Exhibit Number	Description of Document
3.1	Restated Certificate of Incorporation of American Airlines, Inc., as amended, incorporated by reference to American's report on Form 10-Q for the quarter ended September 30, 2003.
3.2	Bylaws of American Airlines, Inc., amended January 22, 2003, incorporated by reference to American's report on Form 10-K for the year ended December 31, 2002.
4.1	Indenture and Security Agreement, dated as of July 31, 2009, between American Airlines, Inc. and U.S. Bank Trust National Association, as Trustee.
4.2	Form of Aircraft Security Agreement, among American Airlines, Inc., U.S. Bank Trust National Association, as Trustee and U.S. Bank Trust National Association, as Security Agent.
4.3	Form of American Airlines, Inc. 13.0% 2009-2 Secured Note due 2016.
4.4	Registration Rights Agreement, dated July 31, 2009, between American Airlines, Inc. and Morgan Stanley & Co. Incorporated as representative of the several initial purchasers.
5.1	Opinion of Gary F. Kennedy, Senior Vice President, General Counsel and Chief Compliance Officer of American Airlines, Inc.
10.1	Information Technology Services Agreement, dated July 1, 1996, between American Airlines, Inc. and The Sabre Group, Inc., incorporated by reference to Exhibit 10.6 to The Sabre Group Holdings, Inc.'s Registration Statement on Form S-1, file number 333-09747. Confidential treatment was granted as to a portion of this document.
10.2	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Gerard J. Arpey, dated May 21, 1998, incorporated by reference to Exhibit 10.61 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.3	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Peter M. Bowler, dated May 21, 1998, incorporated by reference to Exhibit 10.63 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.4	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Daniel P. Garton, dated May 21, 1998, incorporated by reference to Exhibit 10.66 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.5	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Monte E. Ford, dated November 15, 2000, incorporated by reference to Exhibit 10.74 to AMR's report on Form 10-K for the year ended December 31, 2000.
10.6	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Henry C. Joyner, dated January 19, 2000, incorporated by reference to Exhibit 10.74 to AMR's report on Form 10-K for the year ended December 31, 1999.
10.7	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and William K. Ris, Jr., dated October 20, 1999, incorporated by reference to Exhibit 10.79 to AMR's report on Form 10-K for the year ended December 31, 1999.
10.8	Form of Amendment to Executive Termination Benefits Agreement dated January 1, 2005, incorporated by reference to Exhibit 10.8 to American's report on Form 10-K for the year ended December 31, 2008.
10.9	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Gary F. Kennedy dated February 3, 2003, incorporated by reference to Exhibit 10.55 to AMR's report on Form 10-K for the year ended December 31, 2002.
10.10	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Robert W. Reding dated May 20, 2003, incorporated by reference to Exhibit 10.71 to AMR's report on Form 10-K for the year ended December 31, 2003.

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.11	Employment agreement between AMR, American Airlines and William K. Ris, Jr. dated November 11, 1999, incorporated by reference to Exhibit 10.73 to AMR's report on Form 10-K for the year ended December 31, 2003.
10.12	Employment agreement between AMR, American Airlines and Robert W. Reding dated May 21, 2003, incorporated by reference to Exhibit 10.94 to AMR's report on Form 10-K for the year ended December 31, 2004.
10.13	Amendment of employment agreement between AMR, American Airlines and Thomas W. Horton dated July 15, 2008, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2008.
10.14	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Jeffrey J. Brundage dated April 1, 2004, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2004.
10.15	Supplemental Executive Retirement Program for Officers of American Airlines, Inc., as amended and restated as of January 1, 2005, incorporated by reference to Exhibit 10.16 to American's report on Form 10-K for the year ended December 31, 2008.
10.16	Aircraft Purchase Agreement by and between American Airlines, Inc. and The Boeing Company, dated October 31, 1997, incorporated by reference to Exhibit 10.48 to AMR Corporation's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this document.
10.17	Letter Agreement dated November 17, 2004 and Purchase Agreement Supplements dated January 11, 2005 between the Boeing Company and American Airlines, Inc., incorporated by reference to Exhibit 10.99 to AMR's report on Form 10-K for the year ended December 31, 2004. Confidential treatment was granted as to a portion of these agreements.
10.18	Letter Agreement between the Boeing Company and American Airlines, Inc. dated May 5, 2005, incorporated by reference to Exhibit 10.7 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2005. Confidential treatment was granted as to a portion of this agreement.
10.19	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 10.20 to American's report on Form 10-K for the year ended December 31, 2008.
10.20	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 10.21 to American's report on Form 10-K for the year ended December 31, 2008.
10.21	Credit Agreement dated as of December 17, 2004, among American Airlines, Inc., AMR Corporation, the Lenders from time to time party thereto, Citicorp USA, Inc., as Administrative Agent for the Lenders, JPMorgan Chase Bank, N.A., as Syndication Agent and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Joint Lead Arrangers and Joint Book-Running Managers, incorporated by reference to Exhibit 10.103 to AMR's report on Form 10-K for the year ended December 31, 2004.
10.22	2009 Annual Incentive Plan for American, incorporated by reference to Exhibit 99.1 to AMR's current report on Form 8-K dated January 23, 2009.
10.23	Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated August 17, 2007, incorporated by reference to Exhibit 10.24 to American Airlines Inc.'s report on Form 10-K for the year ended December 31, 2007. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended.
10.24	Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated November 20, 2007, incorporated by reference to Exhibit 10.25 to American Airlines Inc.'s reported on Form 10-K from the year ended December 31, 2007. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended.

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Exhibit Number	Description of Document
10.25	Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated December 10, 2007, incorporated by reference to Exhibit 10.26 to American Airlines Inc.'s reported on Form 10-K from the year ended December 31, 2007. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended.
10.26	Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated January 20, 2008, incorporated by reference to Exhibit 10.27 to American Airlines Inc.'s reported on Form 10-K from the year ended December 31, 2007. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended.
10.27	Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated February 11, 2008, incorporated by reference to Exhibit 10.28 to American Airlines Inc.'s reported on Form 10-K from the year ended December 31, 2007. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended.
10.28	Purchase Agreement No. 3219 between American Airlines, Inc. and The Boeing Company, dated as of October 15, 2008. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended, incorporated by reference to Exhibit 10.138 to AMR's report on Form 10-K for the year ended December 31, 2008.
10.29	Form of Stock Appreciation Right Agreement (with awards effective July 20, 2009 to executive officers noted), incorporated by reference to Exhibit 10.1 to American's report on Form 10-Q for the quarterly period ended June 30, 2009.
10.30	Form of 2009 Deferred Share Award Agreement (with awards effective July 20, 2009 to executive officers noted), incorporated by reference to Exhibit 10.2 to American's report on Form 10-Q for the quarterly period ended June 30, 2009.
10.31	Form of Performance Share Agreement under the 2009 — 2011 Performance Share Plan for Officers and Key Employees and the 2009 — 2011 Performance Share Plan for Officers and Key Employees (with awards effective July 20, 2009 to executive officers noted) , incorporated by reference to Exhibit 10.3 to American's report on Form 10-Q for the quarterly period ended June 30, 2009.
10.32	AMR Corporation 2009 Long Term Incentive Plan (approved by shareholders at AMR's May 20, 2009 Annual Meeting of stockholders), incorporated by reference to Exhibit 10.4 to American's report on Form 10-Q for the quarterly period ended June 30, 2009.
10.33	Purchase Agreement No. 1977 Supplement No. 32 dated as of June 9, 2009, incorporated by reference to Exhibit 10.1 to American's report on Form 10-Q for the quarterly period ended June 30, 2009.
12.1	Statement regarding computation of ratio of earnings to fixed charges for each year in the five-year period ended December 31, 2008, incorporated by reference to Exhibit 12 to American's report on Form 10-K for the year ended December 31, 2008.
12.2	Statement regarding computation of ratio of earnings to fixed charges for the six months ended June 30, 2009 and 2008, incorporated by reference to Exhibit 12 to American's report on Form 10-Q for the quarterly period ended June 30, 2009.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Gary F. Kennedy, Senior Vice President, General Counsel and Chief Compliance Officer of American Airlines, Inc. (included in Exhibit 5.1).
23.3	Consent of Aircraft Information Services, Inc.
23.4	Consent of BK Associates, Inc.
23.5	Consent of Morten Beyer & Agnew, Inc.
24.1	Power of Attorney (contained on signature pages hereto).
25.1	Statement of Eligibility of U.S. Bank Trust National Association, as Trustee, on Form T-1.

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99.1	Form of Letter of Transmittal.
99.2	Form of Notice of Guaranteed Delivery.
99.3	Form of Letter to Nominee.
99.4	Form of Letter to Clients.
99.5	Form of Instructions to Registered Holder and/or Book-Entry Transfer Participant from Beneficial Owner.

INDENTURE AND SECURITY AGREEMENT

Dated as of July 31, 2009

between

AMERICAN AIRLINES, INC.

and

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity, except as expressly stated herein,
but solely as Trustee

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TIA Section	Indenture Section
310 (a)(1)	5.11
(a)(2)	5.11
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	5.11
(b)	5.09; 5.11
(c)	N.A.
311 (a)	5.12
(b)	5.12
(c)	N.A.
312 (a)	2.11
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(d)	11.02
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(f)	N.A.
315 (a)	5.01
(b)	5.05; 13.05
(c)	5.01
(d)	5.01
(e)	4.12
316 (a) (last sentence)	2.13
(a)(1)(A)	4.02(b)
(a)(1)(B)	4.05
(a)(2)	N.A.
(b)	4.06; 4.09
(c)	13.12
317 (a)(1)	4.10
(a)(2)	4.11
(b)	2.09
318 (a)	13.23

N.A. means Not Applicable

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

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INDENTURE AND SECURITY AGREEMENT

This INDENTURE AND SECURITY AGREEMENT, dated as of July 31, 2009, is made by and between AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and permitted assigns, the "Company"), and U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly stated herein, but solely as Trustee hereunder (together with its permitted successors hereunder, the "Trustee").

WITNESSETH:

WHEREAS, the parties desire by this Indenture (such term and other capitalized terms used herein without definition being defined as provided in Article I), among other things, to provide for (i) the issuance by the Company of the Notes specified on **Schedule I** hereto and (ii) the assignment, mortgage and pledge by the Company to the Trustee, as part of the Pre-funded Collateral hereunder, among other things, of all of the Company's estate, right, title and interest in and to the Pre-funded Collateral, as security for, among other things, the Company's obligations to the Trustee, for the equal and proportionate benefit and security of the Noteholders and the Indemnitees;

WHEREAS, the Company owns each Eligible Aircraft described in **Schedule V** hereto and, as of the date hereof, each such Eligible Aircraft is subject to the applicable Existing Indenture as set forth in **Schedule V** hereto;

WHEREAS, following the initial release of the Lien of any Existing Indenture and subject to the terms and conditions of this Indenture, the Company, the Trustee, the Security Agent and U.S. Bank will enter into the Aircraft Security Agreement;

WHEREAS, the Company has entered into the Purchase Agreement with the Initial Purchasers, pursuant to which the Company has agreed to cause the Trustee to issue and sell the Notes to the Initial Purchasers on the Issuance Date; and

WHEREAS, all things have been done to make the Notes listed on **Schedule I** hereto, when executed by the Company and authenticated and delivered by the Trustee hereunder, the valid, binding and enforceable obligations of the Company; and

WHEREAS, all things necessary to make this Indenture a legal, valid and binding obligation of the Company for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have occurred;

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GRANTING CLAUSE

NOW, THEREFORE, to secure (i) the prompt and complete payment (whether at stated maturity, by acceleration or otherwise) of principal of, interest on (including interest on any overdue amounts), and Make-Whole Amount, if any, with respect to, and all other amounts due under, the Notes, (ii) all other amounts payable by the Company under the Operative Documents and (iii) the performance and observance by the Company of all the agreements and covenants to be performed or observed by the Company for the benefit of the Noteholders and the Indemnitees contained in the Operative Documents, and for other good and valuable consideration given by the Noteholders and the Indemnitees to the Company, the receipt and adequacy of which are hereby acknowledged, the Company does hereby grant, bargain, sell, convey, transfer, mortgage, assign, pledge and confirm unto the Trustee and its successors in trust and permitted assigns, for the security and benefit of the Noteholders and the Indemnitees, a first priority security interest in, and mortgage lien on, all estate, right, title and interest of the Company in, to and under, all and singular, the following described properties, rights, interests and privileges, whether now owned or hereafter acquired (which, collectively, together with all property hereafter specifically subject to the Lien of this Indenture by the terms hereof or any supplement hereto, are included within, and are referred to as, the "Pre-funded Collateral"):

(1) the Pre-funded Collateral Account, the Cash Securities Account, all moneys, securities, financial assets, or other property (including the Pre-funded Cash Collateral Amounts with respect to each of the Eligible Aircraft) held therein by the Trustee or other Eligible Institution pursuant to and in accordance with the terms, conditions and provisions of this Indenture and all security entitlements with respect thereto; and

(2) all proceeds of the foregoing.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Trustee, and its successors and permitted assigns, in trust for the equal and proportionate benefit and security of the Noteholders and the Indemnitees, except as otherwise provided in this Indenture, including Section 2.13, the definition of "Outstanding" and Article III, without any priority of any one Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and in all cases and as to all property specified in paragraphs (1) and (2) above, subject to the terms and provisions set forth in this Indenture.

Subject to the terms and conditions hereof, the Company does hereby irrevocably constitute the Trustee the true and lawful attorney of the Company (which appointment is coupled with an interest) with full power (in the name of the Company or otherwise) to

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ask for, require, demand and receive any and all monies and claims for monies, and all other property which now or hereafter constitutes part of the Pre-funded Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Trustee may deem to be necessary or advisable in the premises; provided that the Trustee shall not exercise any such rights except during the continuance of an Event of Default. The Company agrees that, promptly upon receipt thereof, to the extent required by the Operative Documents, it will transfer to the Trustee any and all monies from time to time received by the Company constituting part of the Pre-funded Collateral, to be held and distributed by the Trustee in accordance with this Indenture.

The Company does hereby warrant and represent that it has not sold, assigned or pledged, and hereby covenants and agrees that it will not sell, assign or pledge, so long as this Indenture shall remain in effect and the Lien hereof shall not have been released pursuant to the provisions hereof, any of its estate, right, title or interest hereby assigned, to any Person other than the Trustee, except as otherwise provided in or permitted by any Operative Document.

The Company agrees that at any time and from time to time, upon the written request of the Trustee, the Company shall promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Trustee may reasonably deem necessary to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Trustee the full benefit of the assignment hereunder and of the rights and powers herein granted; provided that any instrument or other document so executed by the Company will not expand any obligations or limit any rights of the Company in respect of the transactions contemplated by the Operative Documents.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

ARTICLE I
DEFINITIONAL MATTERS; PRE-FUNDED COLLATERAL ACCOUNT;
CERTAIN ISSUANCE DATE MATTERS

Section 1.01. Definitions. For all purposes of this Indenture, unless the context otherwise requires, capitalized terms used but not defined herein have the respective meanings set forth or incorporated by reference in **Annex A**.

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Section 1.02. Other Definitional Provisions.

(a) Singular and Plural. The definitions stated herein and in **Annex A** apply equally to both the singular and the plural forms of the terms defined.

(b) References to Parts. All references in this Indenture to designated “Articles”, “Sections”, “Subsections”, “Schedules”, “Exhibits”, “Annexes” and other subdivisions are to the designated Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision of this Indenture, unless otherwise specifically stated.

(c) Reference to the Whole. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision.

(d) Including Without Limitation. Unless the context otherwise requires, whenever the words “including”, “include” or “includes” are used herein, they shall be deemed to be followed by the phrase “without limitation”.

(e) Reference to Government. All references in this Indenture to a “government” are to such government and any instrumentality or agency thereof.

(e) Reference to Person. All references in this Indenture to a Person shall include successors and permitted assigns of such Person.

Section 1.03. Pre-funded Collateral Account.

(a) General.

(i) On or prior to the Issuance Date, the Trustee has established Account No. _____, an Eligible Account maintained at U.S. Bank in the name of the Trustee (the “Pre-funded Collateral Account”). U.S. Bank agrees to act as an Eligible Institution under this Indenture in accordance with the provisions of this Indenture for the Pre-funded Collateral Account (in such capacity, the “Pre-funded Collateral Securities Intermediary”). Except in its capacity as Trustee, U.S. Bank waives any claim or lien against the Pre-funded Collateral Account it may have, by operation of law or otherwise, for any amount owed to it by the Company. The Pre-funded Collateral Securities Intermediary hereby agrees that, notwithstanding anything to the contrary in this Indenture, (i) any amounts to be held by the Trustee pursuant this Section 1.03 will be credited to the Pre-funded Collateral Account, it is the “securities intermediary” (as defined in Section 8-102(a)(14) of the NY UCC) of the Pre-funded Cash Collateral Account and the Trustee is the “entitlement holder” (as defined in Section 8-102(a)(7) of the NY UCC) of the “security entitlement” (as defined in

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Section 8-102(a)(17) of the NY UCC) with respect to each “financial asset” (as defined in Section 8-102(a)(9) of the NY UCC) credited to the Pre-funded Collateral Account, (ii) all such amounts, Permitted Investments and all other property acquired with cash credited to the Pre-funded Collateral Account will be credited to the Pre-funded Collateral Account, (iii) all items of property (whether cash, investment property, Permitted Investments, other investments, securities, instruments or other property) credited to the Pre-funded Collateral Account will be treated as a “financial asset” under Article 8 of the NY UCC, (iv) its “securities intermediary’s jurisdiction” (as defined in Section 8-110(e) of the NY UCC) with respect to the Pre-funded Collateral Account is the State of New York, and (v) all securities, instruments and other property in order or registered form and credited to the Pre-funded Collateral Account shall be payable to or to the order of, or registered in the name of, the Pre-funded Collateral Securities Intermediary or shall be indorsed to the Pre-funded Collateral Securities Intermediary or in blank, and in no case whatsoever shall any financial asset credited to the Pre-funded Collateral Account be registered in the name of the Company, payable to or to the order of the Company or specially indorsed to the Company except to the extent the foregoing have been specially indorsed by the Company to the Pre-funded Collateral Securities Intermediary or in blank. The Trustee agrees that it will hold (and will indicate clearly in its books and records that it holds) its “security entitlements” to the “financial assets” credited to the Pre-funded Collateral Account in trust for the benefit and security of the Noteholders and the Indemnitees as part of the Pre-funded Collateral as set forth in this Indenture. The Company acknowledges that, by reason of the Trustee being the “entitlement holder” in respect of the Pre-funded Collateral Account as provided above, the Trustee shall have the sole right and discretion, subject only to the terms of this Indenture, to give all “entitlement orders” (as defined in Section 8-102(a)(8) of the NY UCC) with respect to the Pre-funded Collateral Account and any and all financial assets and other property credited thereto to the exclusion of the Company. If any Person asserts any Lien (including, without limitation, any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Pre-funded Collateral Account or any financial asset carried therein, U.S. Bank will promptly notify the Trustee and the Company thereof.

(ii) On the Issuance Date, the Company agrees to deposit and pay over to the Trustee in immediately available funds the Pre-funded Cash Collateral Amount with respect to each of the Eligible Aircraft, such Pre-funded Cash Collateral Amounts to constitute a part of the Pre-funded Collateral. Promptly upon the receipt of the Pre-funded Cash Collateral Amounts by the Trustee from the Company, the Trustee shall credit such amounts to the Pre-funded Collateral Account.

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(iii) Only the Pre-funded Cash Collateral Amounts with respect to the Eligible Aircraft, other property acquired with cash credited to the Pre-funded Collateral Account, and investment earnings thereon and proceeds thereof shall be credited to the Pre-funded Collateral Account. The Pre-funded Cash Collateral Amounts with respect to the Eligible Aircraft and all other amounts and property credited to the Pre-funded Collateral Account may only be paid, distributed, applied, invested and released as set forth in this Section 1.03 and Section 5.06, or if an Event of Default has occurred and is continuing and the maturity of the Notes has been and remains accelerated, in accordance with Section 4.02.

(b) Aircraft Closing. On and subject to the terms and conditions of Article VII, the Company agrees to subject each Eligible Aircraft to the Lien of the Aircraft Security Agreement on or prior to the Cut-Off Date (each such transaction with respect to an Eligible Aircraft, an "Aircraft Closing"). The Company shall select a date on or before the Cut-Off Date for the Aircraft Closing with respect to each Eligible Aircraft (the date such Aircraft Closing occurs, the "Aircraft Closing Date"). Each Aircraft Closing shall take place at the offices of Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York or such other place as the parties shall agree.

(c) Aircraft Security Agreement and Aircraft Security Agreement Supplements; Etc. On the Aircraft Closing Date for the first Aircraft Closing, the Trustee shall appoint U.S. Bank as Security Agent with respect to the Aircraft Security Agreement, and the Company, the Trustee, the Security Agent and, to the extent expressly stated therein, U.S. Bank, shall execute and deliver the Aircraft Security Agreement substantially in the form attached hereto as **Exhibit A**. With respect to each Aircraft Closing, subject to the satisfaction of the conditions precedent in Section 7.01, the Trustee shall, and shall cause the Security Agent to, execute and deliver the applicable Aircraft Security Agreement Supplement and to take the actions contemplated by this Indenture and the Aircraft Security Agreement with respect to such Aircraft Closing.

(d) Release of Pre-funded Cash Collateral Amounts following an Aircraft Closing. Promptly following any Aircraft Closing with respect to any Eligible Aircraft and provided that no Event of Default has occurred and is continuing, the Trustee shall release from the Lien of this Indenture the Pre-funded Cash Collateral Amount with respect to such Eligible Aircraft and pay over and distribute such amount to the Company from the amounts held in the Pre-funded Collateral Account.

(e) Release of Investment Earnings; Etc. As soon as Aircraft Closings shall have occurred with respect to all of the Eligible Aircraft and no Event of Default shall have occurred and be continuing, the Trustee shall promptly release from the Lien of this Indenture all investment earnings, interest and other amounts and property credited to the Pre-funded Collateral Account and pay over and distribute such amounts and property to

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the Company. If the Cut-Off Date has occurred and an Aircraft Closing has not occurred with respect to one or more of the Eligible Aircraft, promptly following the Company's satisfaction of its obligations in Section 2.19(a) or Section 2.19(b), as applicable, with respect to each Eligible Aircraft that has not been the subject of an Aircraft Closing and provided that no Event of Default has occurred and is continuing, the Trustee shall promptly release from the Lien of this Indenture any Pre-funded Cash Collateral Amounts relating to any Eligible Aircraft (not previously paid over and distributed to the Company) and all investment earnings, interest and other amounts and property credited to the Pre-funded Collateral Account and pay over and distribute such amounts and property to the Company. If the Company has satisfied its obligations in Section 2.20 of this Indenture with respect to a redemption of all the Notes, the Trustee shall promptly release from the Lien of this Indenture any Pre-funded Cash Collateral Amount (not previously paid over and distributed to the Company), all investment earnings, interest and other amounts and property credited to the Pre-funded Collateral Account and pay over and distribute such amounts and property to the Company.

(f) No Further Action by Noteholders Required. By its acceptance of the Notes, each Noteholder shall be deemed to have agreed to the actions to be taken by the Trustee pursuant to this Section 1.03 and no further notice to, consent of, or other action by, any Noteholder shall be required for the taking of any such action by the Trustee.

ARTICLE II

THE NOTES

Section 2.01. Title, Form, Denomination and Execution of the Notes.

(a) General. The Initial Notes shall be known as the "Initial 13.0% 2009-2 Secured Notes due 2016" and the Exchange Notes shall be known as the "Exchange 13.0% 2009-2 Secured Notes due 2016", in each case, of the Company. Each Note shall be substantially in the form set forth as **Exhibit B** hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any applicable laws, rules or regulations or to conform to any usage in respect thereof, or as may, consistently herewith, be determined by the Company or the Officer executing the Notes, as evidenced by the Company's or the Officer's execution of the Notes.

(b) Registered Form; Minimum Denominations; Aggregate Principal Amount. The Initial Notes shall be issued only in fully registered form without coupons and only in denominations of \$250,000 or integral multiples of \$1,000 in excess thereof, except that, if necessary to enable the issuance of Initial Notes delivered to a Noteholder upon registration of transfer of, or in exchange for, or in lieu of, its entire holding of Notes

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pursuant to Section 2.01(d), Section 2.04, Section 2.05(b), Section 2.06, Section 2.12, Section 2.14, Section 2.26, Section 4.08 or Section 12.05 hereof, one Initial Note may be issued in a denomination of less than \$250,000. The Exchange Notes shall be issued only in fully registered form without coupons and only in minimum denominations of \$2,000 (or such other denomination that is the lowest integral multiple of \$1,000 that is, at the time of original issuance of the Exchange Notes, equal to at least 1,000 euros), except that, if necessary to enable the issuance of Exchange Notes delivered to a Noteholder upon registration of transfer of, or in exchange for, or in lieu of, its entire holding of Notes pursuant to Section 2.04, Section 2.05(b), Section 2.12, Section 2.14, Section 2.26, Section 4.08 or Section 12.05 hereof, one Exchange Note may be issued in a denomination of less than \$2,000. Each Note shall be dated the date of its authentication. The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is limited to \$276,400,000, except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 2.01(d), Section 2.04, Section 2.05(b), Section 2.06, Section 2.12, Section 2.14, Section 2.26, Section 4.08 or Section 12.05 hereof.

(c) Restricted Global Notes. The Initial Notes offered and sold in reliance on Rule 144A shall be issued, and will only be available in the form of one or more global Notes substantially in the form of **Exhibit B** hereto with such applicable legends as are provided for in Section 2.02 hereof (each, a “Restricted Global Note”) duly executed by the Company and duly authenticated by the Trustee as herein provided. The Restricted Global Notes shall be in definitive, fully registered form without interest coupons and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. The aggregate principal amount of any Restricted Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Restricted Global Note, as provided in Section 2.06 hereof, which adjustments shall be conclusive as to the aggregate principal amount of any such Restricted Global Note.

(d) Regulation S Global Notes. The Initial Notes offered and sold outside the United States in reliance on Regulation S shall be issued, and will only be available, in the form of one or more temporary global Notes substantially in the form of **Exhibit B** hereto with such applicable legends as are provided for in Section 2.02 hereof (each, a “Temporary Regulation S Global Note”) duly executed by the Company and duly authenticated by the Trustee as herein provided. Following the Restricted Period (as defined below), beneficial interests in each Temporary Regulation S Global Note may be exchanged in accordance with Sections 2.04, 2.05, and 2.06 hereof for beneficial interests in one or more permanent global Notes, substantially in the form of **Exhibit B** hereto (each, a “Permanent Regulation S Global Note”). The Temporary Regulation S Global Notes and the Permanent Regulation S Global Notes are sometimes collectively referred to herein as the “Regulation S Global Notes”. The Regulation S Global Notes shall be in

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definitive, fully registered form without interest coupons and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC. As used herein, the term “Restricted Period”, with respect to beneficial ownership in the Regulation S Global Notes offered and sold in reliance on Regulation S, means the period of 40 consecutive days beginning on and including the later to occur of (i) the date of the first offering of the applicable Notes to Persons other than distributors (as defined in Regulation S) in reliance on Regulation S, and (ii) the Issuance Date. Simultaneously with the authentication of a Permanent Regulation S Global Note, the Trustee shall (i) reflect on its books and records: (A) the date of the exchange from the related Temporary Regulation S Global Note; (B) an increase in the principal amount of such Permanent Regulation S Global Note in an amount equal to the principal amount of the Temporary Regulation S Global Note being exchanged; and (C) a decrease, by the same amount, in the principal amount of such Temporary Regulation S Global Note; and (ii) cancel such Temporary Regulation S Global Note. The aggregate principal amount of any Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC for such Regulation S Global Note, as provided in Section 2.06 hereof, which adjustments shall be conclusive as to the aggregate principal amount of any such Regulation S Global Note. The Restricted Global Notes and the Regulation S Global Notes are sometimes collectively referred to herein as the “Global Initial Notes”.

(e) Restricted Definitive Notes. The Initial Notes offered and sold to any Institutional Accredited Investor that is not a QIB in a transaction exempt from registration under the Securities Act (and other than as described in Section 2.01(d) hereof) shall be issued substantially in the form of **Exhibit B** hereto in definitive, fully registered form without interest coupons with such applicable legends as are provided for in Section 2.02 hereof (the “Restricted Definitive Notes”) duly executed by the Company and duly authenticated by the Trustee as herein provided.

(f) Global Exchange Notes. The Exchange Notes shall be issued in the form of one or more global Notes substantially in the form of **Exhibit B** hereto (each, a “Global Exchange Note” and together with the Global Initial Notes, the “Global Notes”), except that (i) the Restricted Legend shall be omitted and (ii) the Exchange Notes shall contain such appropriate insertions, omissions, substitutions and other variations from the form set forth in **Exhibit B** hereto relating to the nature of the Exchange Notes as the Officer of the Company executing such Exchange Notes on behalf of the Company may determine, as evidenced by such Officer’s execution on behalf of the Company of such Exchange Notes. The Global Exchange Notes shall be in definitive, fully registered form without interest coupons and be registered in the name of DTC and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC, and shall be duly authenticated by the Trustee as provided herein. The aggregate principal amount of any Global Exchange Note may from time to time be increased or decreased by adjustments

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made on the records of the Trustee, as custodian for DTC for such Global Exchange Note, which adjustments shall be conclusive as to the aggregate principal amount of any such Global Exchange Note. Subject to clauses (i) and (ii) of the first sentence of this Section 2.01(f), the terms hereof applicable to the Global Initial Notes shall apply to the Global Exchange Notes, *mutatis mutandis*, unless the context otherwise requires. Except as provided in Section 2.05(b) hereof, following the Exchange Offer, beneficial interests in an Exchange Note may only be held in the form of a Global Exchange Note.

(g) Definitive Notes Issued in Exchange for Global Notes. Any Note issued pursuant to Section 2.05(b) hereof in exchange for beneficial interests in a Restricted Global Note, a Regulation S Global Note or a Global Exchange Note (respectively, a “Definitive Initial Note”, a “Regulation S Definitive Note”, and a “Definitive Exchange Note”; and collectively, together with the Restricted Definitive Notes, the “Definitive Notes”) shall be issued substantially in the form of **Exhibit B** hereto in definitive, fully registered form without interest coupons (bearing the Restricted Legend, if applicable, pursuant to Section 2.05(e) or Section 2.05(f)) duly executed by the Company and duly authenticated by the Trustee as herein provided.

(h) Manner of Production. The Notes shall be typed, printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner, all as determined by the Officer executing such Notes, as evidenced by such Officer’s execution of such Notes.

(i) Signing the Notes. The Notes shall be signed for the Company by the manual or facsimile signatures of an Officer. If an Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note, the Note shall be valid nevertheless.

(j) “Institutional Accredited Investor” Encompasses any American Entity. For all purposes of this Indenture, the Notes (including the Restricted Legend) and the other Operative Documents, and notwithstanding anything to the contrary set forth herein or therein, where the context so requires, the term “Institutional Accredited Investor” shall be deemed to encompass any American Entity.

Section 2.02. Restrictive Legends. All Initial Notes issued pursuant to this Indenture shall be “Restricted Notes” and shall bear a legend to the following effect (the “Restricted Legend”), except as provided in Section 2.06 hereof or unless the Company and the Trustee determine otherwise consistent with applicable law:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND, ACCORDINGLY, MAY NOT BE

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OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT PRIOR TO EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE SECURITIES UNDER RULE 144(d) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION) OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER (EACH A "TRANSFER") THIS SECURITY EXCEPT: (I) (A) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (B) INSIDE THE UNITED STATES TO AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING \$250,000 OR MORE AGGREGATE PRINCIPAL AMOUNT OF SUCH SECURITIES THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE), (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER) OR (E) TO AMERICAN AIRLINES, INC. OR ANY SUBSIDIARY THEREOF; AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER APPLICABLE JURISDICTIONS; (3) AGREES THAT PRIOR TO ANY TRANSFER PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD REFERRED TO IN CLAUSE (2) ABOVE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (2)(I)(E) ABOVE), IT WILL FURNISH TO THE TRUSTEE, THE REGISTRAR AND AMERICAN AIRLINES, INC. SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS

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BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; AND (4) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE SECURITIES UNDER RULE 144(d) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH BELOW ON THIS SECURITY RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS SECURITY TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THE SECURITIES PURSUANT TO CLAUSE (2)(I)(E) ABOVE OR UPON ANY TRANSFER OF THE SECURITIES UNDER RULE 144(d) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION). AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING RESTRICTIONS."

Each Note shall bear the following ERISA legend:

"BY ITS ACQUISITION OR ACCEPTANCE HEREOF OR ANY INTEREST HEREIN, THE HOLDER HEREOF OR OF SUCH INTEREST REPRESENTS THAT EITHER: (A) NO ASSETS OF (I) AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (II) A PLAN DESCRIBED IN SECTION 4975(E)(I) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR (IV) A FOREIGN, GOVERNMENTAL OR CHURCH PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, OR FOREIGN LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), HAVE BEEN USED TO ACQUIRE THIS SECURITY OR ANY INTEREST HEREIN; OR (B) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN BY THE HOLDER ARE EXEMPT FROM THE PROHIBITED TRANSACTION RESTRICTIONS OF ERISA AND THE CODE OR ANY SIMILAR

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PROVISION OF SIMILAR LAW, AS APPLICABLE, PURSUANT TO ONE OR MORE PROHIBITED TRANSACTION STATUTORY OR ADMINISTRATIVE EXEMPTIONS.”

Each Global Note shall bear the following legend on the face thereof:

“UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO AMERICAN AIRLINES, INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IN EXCHANGE FOR THIS SECURITY IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 2.04, 2.05 AND 2.06 OF THE INDENTURE REFERRED TO HEREIN.”

Each Regulation S Global Note shall bear the following legend during the Restricted Period (the “Regulation S Restricted Period Legend”):

“EXCEPT AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN), BENEFICIAL OWNERSHIP INTERESTS IN THIS SECURITY WILL NOT BE EXCHANGEABLE FOR INTERESTS IN ANY OTHER SECURITY REPRESENTING AN INTEREST IN THE SECURITIES REPRESENTED HEREBY UNTIL THE EXPIRATION OF THE “40 DAY DISTRIBUTION COMPLIANCE PERIOD” (WITHIN THE MEANING OF RULE 903(b)(2) OF REGULATION S UNDER THE SECURITIES ACT). DURING SUCH 40 DAY DISTRIBUTION COMPLIANCE PERIOD, BENEFICIAL OWNERSHIP INTERESTS IN THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED TO, OR FOR THE ACCOUNT OR BENEFIT OF, A “U.S. PERSON” (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT IN

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COMPLIANCE WITH RULE 144A AND REGULATION S UNDER THE SECURITIES ACT AND WITH ARTICLE II OF THE INDENTURE REFERRED TO HEREIN.”

Section 2.03. Authentication of Notes.

(a) Authentication Order and Authentication Agent. Subject to the limits set forth herein, the Trustee shall authenticate and deliver Notes for original issue upon written order of the Company signed by an Officer. The order shall specify the amount of Notes to be authenticated and the date on which the original issue of the Notes is to be authenticated, and shall provide instructions with respect to the delivery thereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate the Notes. An authenticating agent may authenticate the applicable Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or any Affiliate of the Company.

(b) Certificate of Authentication. No Note shall be secured by or entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Trustee (or by an authenticating agent appointed by the Trustee in accordance with Section 2.03(a), as applicable) by the manual signature of one of its authorized signatories, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 2.04. Transfer and Exchange. All Notes issued upon any registration of transfer or exchange of Notes shall be valid obligations of the Company, evidencing the same interest therein, and entitled to the same security and benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

A Noteholder may transfer a Note, or request that a Note be exchanged for Notes (including, subject to the proviso to this sentence, Exchange Notes) in authorized denominations and in an aggregate principal amount equal to the principal amount of such Note surrendered for exchange of other authorized denominations, by surrender of such Note to the Trustee with the form of transfer notice thereon duly completed and executed, and otherwise complying with the terms of this Indenture and of such Note, including providing evidence of compliance with any restrictions on transfer, in form satisfactory to the Company, the Trustee and the Registrar; provided that exchanges of Initial Notes for Exchange Notes shall occur only after the Exchange Offer Registration Statement shall have been declared effective by the SEC (notice of which shall be provided to the Trustee by the Company) and otherwise only in accordance with the

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terms of the Exchange Offer. No such transfer shall be effected until, and such transferee shall succeed to the rights of a Noteholder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer of a Note by a Noteholder as provided herein, the Company, the Registrar, the Paying Agent, each other Agent (if any) and the Trustee shall deem and treat the Person in whose name the Note is registered on the Register as the absolute owner and holder thereof for the purpose of receiving payment of all amounts payable with respect to such Note and for all other purposes, and none of the Company, the Registrar, the Paying Agent, each other Agent (if any) or the Trustee shall be affected by any notice to the contrary. Furthermore, the Company understands that, under the rules and procedures followed by DTC, transfers of beneficial interests in any Global Note may be effected only through a book-entry system maintained by DTC (or its agent) and that ownership of a beneficial interest in the applicable Note shall be required to be reflected in a book-entry. When Notes are presented to the Registrar with a request to register the transfer thereof or to exchange them for other authorized denominations of a Note in a principal amount equal to the aggregate principal amount of such Notes surrendered for exchange, the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met.

To permit registrations of transfers and exchanges in accordance with the terms, conditions and restrictions hereof, the Company shall execute, and the Trustee shall authenticate, Notes at the Registrar's request. No service charge shall be made to a Noteholder for any registration of transfer or exchange of such Notes, but the Company may require payment of a sum sufficient to cover any Tax or governmental charge that may be imposed in connection with any transfer or exchange of such Notes. All Notes surrendered for registration of transfer or exchange shall be cancelled and subsequently destroyed by the Trustee.

Section 2.05. Book-Entry Provisions.

(a) General. Members of, or participants in, DTC ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC, or the Trustee as its custodian, and DTC may be treated by the Company, the Trustee and any agent of the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or shall impair, as between DTC and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Note. Upon the issuance of any Global Note, the Registrar or its duly appointed agent shall record DTC as the registered holder of such Global Note. Owners of a beneficial interest in any Global Note must exercise any rights in respect of such beneficial interest in accordance with the rules and procedures of DTC, in each case to the extent applicable to such transaction and as in effect from time to time.

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(b) Transfers of an Entire Global Note. Transfers of any Global Note shall be limited to transfers of such Global Note in whole, but not in part, to DTC. Beneficial interests in any Global Note may be transferred in accordance with the rules and procedures of DTC and the provisions of Sections 2.04 and 2.06 hereof. Beneficial interests in a Global Note shall be delivered to all beneficial owners thereof in the form of Definitive Notes corresponding to such Global Note, if: (i) DTC (A) notifies the Company that it is unwilling or unable to continue as depository with respect to such Global Note or (B) has ceased to be a clearing agency registered under the Exchange Act, and in either case the Company thereupon fails to appoint a successor depository; (ii) the Company, at its option, notifies the Trustee in writing that the Company is electing to issue Definitive Notes; or (iii) an Event of Default shall have occurred and be continuing with respect to the Notes and the Trustee has received a written request from DTC or from the holders of not less than a majority in beneficial interest of the principal amount of such Global Note to issue Definitive Notes.

(c) Transfer of Beneficial Interests. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in another Global Note will, upon such transfer, cease to be an interest in the original Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(d) Surrender of a Global Note and Execution of Definitive Notes. In connection with the transfer of an entire Global Note to the beneficial owners thereof pursuant to Section 2.05(b), such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate, to each beneficial owner in exchange for such owner's beneficial interest in such Global Note an equal aggregate principal amount of Definitive Notes (in the form of Definitive Note corresponding to such Global Note) of authorized denominations, in each case as such owner and related aggregate principal amount have been identified and otherwise set forth (together with such other information as may be required for the registration of such Definitive Notes) in registration instructions that shall have been delivered by or on behalf of DTC to the Trustee. The Company, the Registrar, the Paying Agent and the Trustee (i) shall not be liable for any delay in delivery of such instructions and (ii) may conclusively rely on, and shall be protected in relying on, such registration instructions. Upon the issuance of Definitive Notes, the Company and the Trustee shall recognize the Persons in whose name the Definitive Notes are registered in the Register as Noteholders hereunder.

(e) Restricted Legend on Definitive Initial Notes. Any Definitive Initial Note delivered in exchange for an interest in a Restricted Global Note pursuant to Section 2.05(b) hereof shall, except as otherwise provided by Section 2.06(e) hereof, bear the Restricted Legend.

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(f) Restricted Legend on Regulation S Definitive Notes. Any Regulation S Definitive Note delivered in exchange for an interest in a Regulation S Global Note pursuant to Section 2.05(b) hereof shall, except as otherwise provided by Section 2.06(e), bear the Restricted Legend.

(g) DTC May Grant Proxies, Etc. So long as DTC is the registered holder of any Global Note, DTC may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Noteholder is entitled to take under this Indenture or the applicable Notes.

(h) Inability to Locate a Qualified Successor Clearing Agency. Neither the Company nor the Trustee shall be liable if the Trustee or the Company is unable to locate a qualified successor clearing agency.

(i) Records and Rules. Neither the Company nor the Trustee nor any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in any Global Note held by DTC, or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests or for the performance by DTC or any Agent Member of its respective obligations under the rules, regulations, and procedures creating and affecting DTC and its operations or any other statutory, regulatory, contractual, or customary procedures governing their operations.

Section 2.06. Special Transfer Provisions. Unless and until (i) an Initial Note is sold under an effective Shelf Registration Statement, or (ii) an Initial Note is exchanged for an Exchange Note pursuant to an effective Exchange Offer Registration Statement, in each case pursuant to the terms of the Registration Rights Agreement, the following provisions shall apply to such Initial Note:

(a) Transfers to Non-QIB Institutional Accredited Investors. The following provisions shall apply with respect to the registration of any proposed transfer of an Initial Note to any Institutional Accredited Investor that is neither a QIB nor a Non-U.S. Person:

(i) the Registrar shall register the transfer of any Initial Note (whether or not bearing the Restricted Legend), only if (A) the requested transfer occurs after the expiration of the holding period applicable to sales of the Notes under Rule 144(d) under the Securities Act, or (B) (1) the proposed transferee has delivered to the Registrar a letter substantially in the form of **Exhibit C** hereto, and (2) the aggregate principal amount of the Notes being transferred is at least \$250,000, and, in the case of clause (A) or (B) of this Section 2.06(a)(i), the proposed transferor shall have furnished to the Trustee and, if requested, to the Company, such certifications, legal opinions or other information as the Trustee

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or the Company may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Except as provided in the foregoing sentence, the Registrar shall not register the transfer of any Note to any Institutional Accredited Investor that is neither a QIB nor a Non-U.S. Person; and

(ii) if the proposed transferor is or is acting through an Agent Member holding a beneficial interest in a Global Initial Note, upon receipt by the Registrar, the Trustee and the Company, as applicable, of (A) the documents, if any, required by Section 2.06(a)(i) and (B) instructions given in accordance with DTC's and the Registrar's procedures, the Registrar shall reflect on its books and records the date of the transfer and a decrease in the principal amount of such Global Initial Note in an amount equal to the principal amount of the beneficial interest in such Global Initial Note to be transferred, and the Company shall execute and the Trustee shall authenticate and deliver to the transferor or at its direction, one or more Restricted Definitive Notes of like tenor and amount.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of an Initial Note to a QIB (excluding transfers to Non-U.S. Persons):

(i) if the Note to be transferred consists of a Restricted Definitive Note or an interest in any Regulation S Global Note during the Restricted Period, the Registrar shall register the transfer if such transfer is being made in compliance with all other applicable requirements of this Indenture and by a proposed transferor who has checked the box provided for on the form of Initial Note stating, or has otherwise certified to the Company, the Trustee and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Initial Note stating, or has otherwise certified to the Company, the Trustee and the Registrar in writing, that it is purchasing the Initial Note for its own account or an account with respect to which it exercises sole investment discretion and that it, and the Person on whose behalf it is acting with respect to any such account, is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; and

(ii) upon receipt by the Registrar of the documents required by clause (i) of this Section 2.06(b) and instructions given in accordance with DTC's and the Registrar's procedures therefor, (A) in the case of transfer of an interest in a

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Restricted Definitive Note, the Registrar shall reflect on its books and records the date of such transfer and an increase in the principal amount of a Restricted Global Note in an amount equal to the principal amount of the interests in such Restricted Definitive Note being transferred, and the Trustee shall cancel such Restricted Definitive Note (and, if applicable, the Company shall prepare and execute and the Trustee shall authenticate and deliver to the transferor a new Restricted Definitive Note of the same tenor and form in an amount equal to the balance of the original Restricted Definitive Note not so transferred); or (B) in the case of a transfer of a beneficial interest in a Regulation S Global Note, the Registrar shall reflect on its books and records the date of such transfer and an increase in the principal amount of a Restricted Global Note in an amount equal to the principal amount of the beneficial interest in such Regulation S Global Note being transferred, and the Trustee shall decrease, by the same amount, the amount of such Regulation S Global Note; and

(iii) in the case of a transfer of beneficial interest in a Restricted Global Note, the Registrar shall reflect the transfer on its books and records in accordance with DTC's and the Registrar's procedures therefor, if and to the extent so required in accordance with such procedures.

(c) Transfers of Interests in the Temporary Regulation S Global Notes. Until the expiration of the Restricted Period, a beneficial owner of an interest in a Temporary Regulation S Global Note shall not be permitted to exchange such interest for a Definitive Note or for a beneficial interest in a Permanent Regulation S Global Note.

(d) Transfers to Non-U.S. Persons at Any Time. The following provisions shall apply with respect to any registration of any transfer of an Initial Note to a Non-U.S. Person:

(i) Prior to the expiration of the Restricted Period, the Registrar shall register any proposed transfer of an Initial Note to a Non-U.S. Person upon receipt of a certificate substantially in the form set forth as **Exhibit D** hereto from the proposed transferor.

(ii) After the expiration of the Restricted Period, the Registrar shall register any proposed transfer to any Non-U.S. Person if the Initial Note to be transferred is a Restricted Definitive Note or an interest in a Restricted Global Note, upon receipt of a certificate substantially in the form of **Exhibit D** from the proposed transferor. The Registrar shall promptly send a copy of such certificate to the Company.

(iii) Upon receipt by the Registrar of (A) the documents, if any, required by clause (i) or (ii) of this Section 2.06(d) and (B) instructions in

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accordance with DTC's and the Registrar's procedures, (I) in the case of transfer of an interest in a Restricted Definitive Note, the Registrar shall reflect on its books and records the date of such transfer and an increase in the principal amount of a Regulation S Global Note in an amount equal to the principal amount of the interests in such Restricted Definitive Note being transferred, and the Trustee shall cancel such Restricted Definitive Note (and, if applicable, the Company shall prepare and execute and the Trustee shall authenticate and deliver to the transferor a new Restricted Definitive Note of the same tenor and form in an amount equal to the balance of the original Restricted Definitive Note not so transferred); or (II) in the case of a transfer of a beneficial interest in a Restricted Global Note, the Registrar shall reflect on its books and records the date of such transfer and an increase in the principal amount of a Regulation S Global Note in an amount equal to the principal amount of the beneficial interest in such Restricted Global Note being transferred, and the Trustee shall decrease, by the same amount, the amount of such Restricted Global Note.

(iv) In the case of a transfer of a beneficial interest in a Regulation S Global Note, the Registrar shall reflect the transfer on its books and records in accordance with DTC's and the Registrar's procedures therefor, if and to the extent so required in accordance with such procedures.

(e) Restricted Legend. Upon the transfer, exchange or replacement of Notes not bearing the Restricted Legend, the Registrar shall deliver Notes that do not bear the Restricted Legend. Upon the transfer, exchange or replacement of Notes bearing the Restricted Legend, the Registrar shall deliver only Notes that bear the Restricted Legend unless there is delivered to the Trustee and, if requested, to the Company, such certifications, legal opinions or other information as the Trustee or the Company may reasonably require to confirm that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(f) General. By acceptance of any Note bearing the Restricted Legend, each Noteholder of such Note acknowledges the restrictions on transfer of such Note set forth in such Restricted Legend and otherwise in this Indenture and agrees that it will transfer such Note only as provided in such Restricted Legend and otherwise in this Indenture. Notwithstanding any other provision set forth in any Operative Document, the Registrar shall not register a transfer of any Note or beneficial interest therein unless such transfer complies with the restrictions on transfer, if any, of such Note set forth in such Restricted Legend and otherwise in this Indenture. In connection with any transfer of Notes or beneficial interest therein, each Noteholder agrees by its acceptance of the Notes to furnish the Company, the Registrar or the Trustee such certifications, legal opinions or other information as any of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the

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registration requirements of the Securities Act and in accordance with the terms and provisions of this Article II; provided that the Registrar shall not be required to determine the sufficiency of any such certifications, legal opinions or other information.

Until such time as no Notes remain Outstanding, the Registrar shall retain copies of all letters, notices and other written communications received pursuant to Article II hereof with respect to Notes. The Company and the Trustee, if not the Registrar at such time, each shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

Section 2.07. Terms of Notes.

(a) Maturity and Debt Rate. Each Note shall have the Maturity Date specified in **Schedule I**, and each Note shall bear interest at the Debt Rate calculated on the basis of a year of 360 days comprised of twelve 30-day months, payable in arrears on each Payment Date on the unpaid principal amount thereof from time to time outstanding from the most recent Payment Date to which interest has been paid or duly provided for (or, if no interest has been so paid or provided for, from the Issuance Date) until such principal amount is paid in full.

(b) Amortization. The principal amount of each Note shall be payable in installments on the Payment Dates set forth in Schedule I to such Note, each such installment, if any, to be in an amount computed by multiplying the original principal amount of such Note by the corresponding percentage set forth in **Schedule II** hereto, which shall be attached as Schedule I to such Note, opposite the Payment Date on which such installment is due; provided that (i) the aggregate amounts of such installments for all Notes shall be reduced by the Allocable Portion of Scheduled Principal Payment for each Eligible Aircraft or Aircraft with respect to which there has been a redemption pursuant to Section 2.19 hereof set forth on **Schedule III** hereto opposite the applicable Allocation Dates which are Payment Dates on which such installments are due; and (ii) the amount of the principal installment payable on each Note for each Payment Date following any such redemption, determined in accordance with the applicable percentage set forth in **Schedule II** hereto, shall be reduced by an amount determined by multiplying the aggregate amount of the reduction of the installment payable on such Payment Date for all Notes, determined in accordance with clause (i) of this sentence, by a fraction the numerator of which shall be the outstanding principal amount of such Note and the denominator of which shall be the aggregate outstanding principal amount of all Notes. Within 15 days following any such redemption with respect to an Eligible Aircraft or Aircraft, the Trustee shall furnish to the Noteholders a statement listing the aggregate amounts of such installments for all Notes payable on Payment Dates subsequent to such redemption, giving effect to all applicable reductions described in the preceding sentence. Notwithstanding the foregoing, the final payment made under each Note shall be in an

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amount sufficient to discharge in full the unpaid principal amount and all accrued and unpaid interest on, and any other amounts due under, such Note.

(c) Interest on Overdue Amounts. Each Note shall bear interest, payable on demand, at the Past Due Rate (and not at the Debt Rate) (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on any principal amount and (to the extent permitted by applicable law) Make-Whole Amount, if any, interest and any other amounts payable thereunder not paid when due for any period during which the same shall be overdue, in each case for the period the same is overdue. Amounts shall be overdue under an Note if not paid in the manner provided therein or in this Indenture when due (whether at stated maturity, by acceleration or otherwise).

(d) Business Day Payment Convention. Notwithstanding anything to the contrary contained herein, if any date on which a payment hereunder or under any Note becomes due and payable is not a Business Day, then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date, and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment from and after such scheduled date.

Section 2.08. Registrar and Paying Agent. The Company shall maintain an office or agency where Notes eligible for transfer or exchange may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange ("Register"). Such Register shall be in written form in the English language. At all reasonable times such Register shall be open for inspection by the Trustee and the Company. Without limiting any of the foregoing, the Registrar shall promptly furnish to the Company, upon request, such information and copies of such documents as are necessary for the Company to comply with the second sentence of Section 2.11. The Company may have one or more co-Registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent.

The Company may enter into an appropriate agency agreement with any Agent not appointed pursuant to the last sentence of this Section 2.08. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such.

The Company initially appoints U.S. Bank as Registrar and Paying Agent, and U.S. Bank hereby accepts each such appointment.

Section 2.09. Paying Agent to Hold Payments in Trust. Each Paying Agent shall hold all Payments made available to, or deposited with, such Paying Agent in such

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capacity in trust for the benefit of the Persons entitled thereto until such Payments shall be paid to such Persons or otherwise disposed of as herein provided. The Paying Agent shall notify the Trustee of any failure by the Company to make any payment of the principal of, interest on, or Make-Whole Amount, if any, with respect to the Notes when the same shall be due and payable. The Company at any time may require any Paying Agent to pay all Payments held by it to the Trustee and account for any funds disbursed and the Trustee may at any time during the continuance of any Payment Default, upon written request to any Paying Agent, require such Paying Agent to pay all Payments held by it to the Trustee and to account for any Payments distributed. Upon doing so, the Paying Agent shall have no further liability for the Payments.

The Paying Agent shall exclude and withhold at the appropriate rate from each payment of principal of, interest on, Make-Whole Amount, if any, and other amounts due hereunder or under each Note (and any such exclusion and withholding shall constitute payment of such amounts payable hereunder or in respect of such Note, as applicable) any and all withholding Taxes applicable thereto as required by law. The Paying Agent agrees to act as such withholding agent and, in connection therewith, whenever any present or future Taxes are required to be withheld with respect to any amounts payable hereunder or in respect of any Note, to withhold such amounts (which withholding shall constitute payment of such amounts payable hereunder or in respect of such Note, as applicable) and timely pay the same to the appropriate authority in the name of and on behalf of the Noteholders, that it will file any necessary withholding Tax returns or statements when due, and that as promptly as possible after the payment thereof it will deliver to each affected Noteholder (with a copy to the Company) appropriate receipts showing the payment thereof, together with such additional documentary evidence as any such affected Noteholder may reasonably request from time to time. The Paying Agent agrees to file any other information reports as it may be required to file under United States law.

The Company will cause each Paying Agent (other than the Trustee and the initial Paying Agent appointed pursuant to the last sentence of Section 2.08) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 2.09, that such Paying Agent will:

(a) hold all Payments made available to, or deposited with, such Paying Agent in such capacity in trust for the benefit of the Persons entitled thereto until such Payments shall be paid to such Persons or otherwise disposed of as herein provided;

(b) promptly give the Trustee notice of any failure by the Company to make any payment of the principal of, interest on, or Make-Whole Amount, if any, with respect to, the Notes when the same shall be due and payable; and

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(c) at any time during the continuance of any such failure, upon the written request of the Trustee, forthwith pay to the Trustee all Payments so held in trust by such Paying Agent and account for any Payments distributed.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, direct any Paying Agent to pay to the Trustee all Payments held in trust by such Paying Agent, such Payments to be held by the Trustee upon the same trusts as those upon which such Payments were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such Payments held by it as Paying Agent.

Any Payments made available to, or deposited with, the Trustee or any Paying Agent and held in trust for the payment of principal of, interest on, Make-Whole Amount (if any) with respect to, or redemption price in respect of, any Note and unclaimed for two years after such principal, interest, Make-Whole Amount (if any), or such redemption price, as applicable, has become due and payable shall be paid to the Company on its request, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, and the Noteholder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof and all liability of the Trustee or such Paying Agent with regard to such Payments shall thereupon cease.

Section 2.10. Record Dates. Subject to Section 4.08, the Person in whose name any Note is registered at the close of business on any Record Date with respect to any Payment Date shall be entitled to receive the interest and installment of principal, determined in accordance with Section 2.07 hereof, payable on such Payment Date to the extent provided by such Note, except if and to the extent the Company shall default in the payment of any interest or installment of principal due on such Payment Date and such defaulted interest or installment of principal is not received by the Trustee on or within five days after the Payment Date relating thereto, in which case any defaulted interest or installment of principal to be paid to the Noteholders pursuant to Section 2.07 hereof shall be paid to the Person in whose name the Outstanding Note is registered at the close of business on the subsequent record date (which shall be not less than five Business Days prior to the date of payment of such defaulted interest or installment of principal) established by notice given by mail by or on behalf of the Company to the Trustee not less than fifteen days preceding such subsequent record date (a "Special Record Date") pursuant to the immediately following sentence. At least fifteen days before the Special Record Date, the Company shall deliver a written notice to the Trustee and the Paying Agent stating the Special Record Date and the amount of defaulted interest or installment of principal, as applicable, to be paid on such Special Record Date. The Trustee shall promptly (but in no event later than 10 days prior to such Special Record Date) deliver a copy of such notice to each Noteholder.

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Section 2.11. Noteholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Noteholders. If the Trustee is not the Registrar, the Company will cause the Registrar to furnish to the Trustee on or before each Record Date or other record date established hereunder and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Noteholders.

Section 2.12. Mutilated, Defaced, Destroyed, Lost and Stolen Notes. In case any temporary or definitive Note shall become mutilated or defaced or be destroyed, lost or stolen, subject to compliance with the following sentence, the Company shall execute, and the Trustee shall authenticate and deliver, a new Note, bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note, or in lieu of and substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substitute Note shall furnish to the Company and to the Trustee and any agent of the Company or the Trustee such security or indemnity as may be required by them to indemnify and defend and to save each of them harmless from all risks, however remote, and, in every case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

Upon the issuance of any substitute Note pursuant to the preceding paragraph, the Company may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. In case any Note which has matured or is about to mature, shall become mutilated or defaced or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Note, pay or authorize the payment of such Note (without surrender of such Note except in the case of a mutilated or defaced Note), as applicable, if the applicant for such payment shall furnish to the Company and to the Trustee and any agent of the Company or the Trustee such security or indemnity as any of them may require to save each of them harmless from all risks, however remote, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and the Trustee and any agent of the Company or the Trustee evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

Every substitute Note issued pursuant to the provisions of this Section 2.12 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone and shall be entitled to all the benefits of (but shall also be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Notes duly authenticated and delivered hereunder. Every substitute Note issued pursuant to the provisions of this Section 2.12 by virtue of the fact that any Note is mutilated or defaced shall constitute an additional contractual

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obligation of the Company and shall be entitled to all the benefits of (but shall also be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Notes duly authenticated and delivered hereunder. All Notes shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated or defaced or destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.13. Treasury Notes. The Company and any American Entity may acquire, tender for, purchase, own, hold, become the pledgee of and otherwise deal with any Note. In determining whether the Noteholders of the required principal amount of Notes have given or concurred in any amendment, request, demand, authorization, direction, notice, consent, modification or waiver under this Indenture or any other Operative Document, Notes owned by any American Entity shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the purposes of determining whether the Trustee shall be protected in relying on any such amendment, request, demand, authorization, direction, notice, consent, modification, or waiver, only Notes which the Trustee knows are so owned shall be so disregarded; provided that if 100% of the principal amount of the Notes are owned by American Entities, Notes so owned shall not be so disregarded and deemed to be not Outstanding. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee that neither the Company nor any Affiliate of the Company is an Affiliate of the pledgee and that the pledgee has the present right (subject to no contrary obligation or understanding) so to act with respect to the Notes as a Noteholder independently of any direction by or interest of the Company or any of its Affiliates. In case of a dispute as to such right, the Trustee in good faith shall be entitled to rely upon the advice of counsel, including counsel for the Company. Upon request of the Trustee, the Company shall promptly furnish to the Trustee a certificate of an Officer listing and identifying all Notes, if any, known by the Company to be owned or held by or for the account of the Company or any Affiliate of the Company; and subject to Sections 5.01 and 5.02 herein, the Trustee shall be entitled to accept such certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are Outstanding for the purpose of any such determination.

Section 2.14. Temporary Notes. Until definitive Notes are ready for delivery, the Company may prepare, and, upon written order of the Company, the Trustee shall authenticate, temporary Notes, in any authorized denominations. Temporary Notes shall be substantially of the tenor of the definitive Notes in lieu of which they are issued but may have variations that the Company considers appropriate for temporary Notes.

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Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate and deliver definitive Notes in exchange for temporary Notes. Until so exchanged, the temporary Notes shall be entitled to the same benefits under this Indenture as definitive Notes.

Section 2.15. Cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for transfer, exchange, payment or cancellation. The Company may not issue new Notes to replace Notes it has paid or which have been delivered to the Trustee for cancellation. The Trustee shall destroy all canceled Notes and, if requested, deliver a certificate of such destruction to the Company. If the Company shall acquire any of the Notes, such acquisition shall not operate as a satisfaction of the indebtedness represented by such Notes.

Section 2.16. [Reserved].

Section 2.17. CUSIP Numbers. The Company in issuing the Notes may use “CUSIP” numbers (if then generally in use) and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to the Noteholders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such “CUSIP” numbers.

Section 2.18. [Reserved].

Section 2.19. Mandatory Redemption of Notes.

(a) Redemption upon Event of Loss with Respect to Eligible Aircraft. If on or prior to the Cut-Off Date an Event of Loss occurs with respect to an Eligible Aircraft that has not been subjected to the Lien of the Aircraft Security Agreement (or an event occurs that would constitute an Event of Loss with respect to such Eligible Aircraft but for the requirement that notices be given or time elapse or both) and, consequently, no Aircraft Closing shall have occurred with respect to such Eligible Aircraft prior to the Cut-Off Date, the Company shall redeem the Notes in part on January 5, 2010 (the “Cut-Off Redemption Date”) at a redemption price equal to the sum of (i) the Allocable Portion with respect to such Eligible Aircraft as of the Cut-Off Redemption Date, together with all accrued and unpaid interest with respect to such Allocable Portion to (but excluding) the Cut-Off Redemption Date, but without any Make-Whole Amount plus (ii) all amounts described in clause “first” of Section 3.02 (in the case of any amounts payable to the Security Agent pursuant to such clause “first”, to the extent the Security Agent has not reimbursed itself for such amounts in accordance with Section 7.05(c) or Section

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7.06(d) of the Aircraft Security Agreement). The redemption price payable for each Note shall be an amount determined by multiplying the amount determined pursuant to clause (i) of the immediately preceding sentence for the aggregate principal amount of Notes to be redeemed, determined in accordance with the immediately preceding sentence, by a fraction the numerator of which shall be the outstanding principal amount of such Note and the denominator of which shall be the aggregate outstanding principal amount of all Notes. Promptly following the Company's payment of the redemption price, the Trustee shall pay over and distribute to the Company the Pre-funded Cash Collateral Amount with respect to such Eligible Aircraft in accordance with Section 1.03(e).

(b) Other Redemptions with Respect to Eligible Aircraft. If no Aircraft Closing shall have occurred with respect to an Eligible Aircraft on or prior to the Cut-Off Date for a reason other than circumstances provided in Section 2.19(a), the Company shall redeem the Notes in part on the Cut-Off Redemption Date at a redemption price equal to the sum of (i) the Allocable Portion with respect to such Eligible Aircraft as of the Cut-Off Redemption Date, together with all accrued and unpaid interest with respect to such Allocable Portion to (but excluding) the Cut-Off Redemption Date, plus Make-Whole Amount with respect to such Allocable Portion plus (ii) all amounts described in clause "first" of Section 3.02 (in the case of any amounts payable to the Security Agent pursuant to such clause "first", to the extent the Security Agent has not reimbursed itself for such amounts in accordance with Section 7.05(c) or Section 7.06(d) of the Aircraft Security Agreement). The redemption price payable for each Note shall be an amount determined by multiplying the amount determined pursuant to clause (i) of the immediately preceding sentence for the aggregate principal amount of Notes to be redeemed, determined in accordance with the immediately preceding sentence, by a fraction the numerator of which shall be the outstanding principal amount of such Note and the denominator of which shall be the aggregate outstanding principal amount of all Notes. Promptly following the Company's payment of the redemption price, the Trustee shall pay over and distribute to the Company the Pre-funded Cash Collateral Amount with respect to such Eligible Aircraft in accordance with Section 1.03(e).

(c) Redemption upon Event of Loss with Respect to Airframe. The Company shall redeem the Notes in part in connection with an Event of Loss in respect of any Airframe (or any Airframe and Engines installed thereon) (unless the Company shall have performed the option to substitute a Replacement Airframe for such Airframe set forth in Section 7.05(a)(i) of the Aircraft Security Agreement with respect thereto) on or before the Loss Payment Date with respect to such Airframe that suffered such Event of Loss at a redemption price equal to the sum of (i) the Allocable Portion with respect to the Aircraft relating to such Airframe that suffered such Event of Loss as of the date of such redemption, together with all accrued and unpaid interest with respect to such Allocable Portion to (but excluding) the date of redemption, but without any Make-Whole Amount, and all other Secured Obligations relating to such Aircraft owed or then

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due and payable to the Noteholders plus (ii) all amounts described in clause “first” of Section 3.02 (in the case of any amounts payable to the Security Agent pursuant to such clause “first”, to the extent the Security Agent has not reimbursed itself for such amounts in accordance with Section 7.05(c) or Section 7.06(d) of the Aircraft Security Agreement). The redemption price payable for each Note shall be an amount determined by multiplying the amount determined pursuant to clause (i) of the immediately preceding sentence for the aggregate principal amount of Notes to be redeemed, determined in accordance with the immediately preceding sentence, by a fraction the numerator of which shall be the outstanding principal amount of such Note and the denominator of which shall be the aggregate outstanding principal amount of all Notes. If any portion of such redemption price is received by the Trustee on or before the applicable redemption date (including, without limitation, pursuant to Section 7.05(c) or Section 7.06(d) of the Aircraft Security Agreement), on such redemption date, the Trustee shall deposit such funds with the Paying Agent pursuant to Section 2.25.

Section 2.20. Voluntary Redemption of Notes. All, but not less than all, of the Notes may be redeemed by the Company at any time upon prior notice to the Trustee in accordance with Section 2.21 hereof, and such Notes shall be redeemed in whole at a redemption price equal to 100% of the unpaid principal amount thereof, together with accrued and unpaid interest thereon to (but excluding) the date of redemption and all other Secured Obligations owed or then due and payable to the Noteholders, plus Make-Whole Amount, if any. Promptly following the Company’s payment of the redemption price, the Trustee shall pay over and distribute to the Company any Pre-funded Cash Collateral Amount (not previously paid over and distributed to the Company), all investment earnings, interest and other amounts and property credited to the Pre-funded Collateral Account in accordance with Section 1.03(e).

Section 2.21. Redemption Notice to Trustee. If the Company is required to or elects to redeem Notes as provided in Section 2.19 or Section 2.20 hereof, it shall notify the Trustee of the redemption date, the principal amount of Notes called for redemption and all other information needed for the notice of redemption to be given by the Trustee pursuant to Section 2.23 hereof.

The Company shall give the notice provided for in this Section 2.21 at least ten days (unless a shorter notice shall be satisfactory to the Trustee) prior to the date the Trustee must give notice pursuant to Section 2.23 hereof.

Section 2.22. Redemptions in Part. If the Notes are to be redeemed in part, the Notes shall be redeemed on a pro rata basis. Provisions of Sections 2.21, 2.23, 2.24 and 2.25 that apply to Notes called for redemption also apply to portions of Notes called for redemption, and references to such Notes called for redemption shall also be read as references to such portions of such Notes called for redemption.

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Section 2.23. Notice of Redemption to Each Noteholder. At least 15 days but not more than 60 days before a redemption date, the Trustee shall mail a notice of redemption to each Noteholder.

The notice shall identify the Notes and the principal amount thereof called for redemption and shall state:

- (i) the redemption date;
- (ii) the redemption price determined in accordance with Section 2.19(a), (b) or (c) or Section 2.20 hereof, as applicable;
- (iii) if any Note is being redeemed in part, the portion of the principal amount of such Note called for redemption and that, after the redemption date, upon surrender of such Note, a new Note or Notes in principal amount determined in accordance with clause (ii) of the proviso in Section 2.07(b) will be issued;
- (iv) the name and address of the Paying Agent;
- (v) that Notes, whether being redeemed in whole or in part, must be surrendered to the Paying Agent to collect the redemption price;
- (vi) that, on and after the redemption date, interest ceases to accrue on the principal amount called for redemption and the only remaining right of the Noteholders of Notes called for redemption in respect of such principal amount is to receive payment of the redemption price determined in accordance with Section 2.19(a), (b) or (c) or Section 2.20 hereof, as applicable;
- (vii) in the case of any redemption in part, that the principal installments payable on Notes called for redemption shall be payable in reduced amounts as set forth in the proviso to Section 2.07(b); and
- (viii) any other information the Company wishes to present.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense.

Section 2.24. Effect of Notice of Redemption. Once a notice of redemption is given, Notes called for redemption become due and payable on the redemption date at the redemption price and, on and after such redemption date (unless the Company shall fail to make the redemption price available to the Trustee or the Paying Agent), with respect to each Note, the principal amount called for redemption shall cease to bear interest and, in the case of any redemption in part, the principal installments shall be payable in reduced amounts as set forth in the proviso to Section 2.07(b). Notes, whether being

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redeemed in whole or in part, must be surrendered to the Paying Agent to collect the redemption price. Upon surrender to the Paying Agent, such Notes shall be paid at the redemption price.

Section 2.25. Deposit of Redemption Price. On or before 12:30 p.m. (New York City time) on the redemption date, the Company or, if the Trustee has previously received funds in respect of such redemption (including, without limitation, pursuant to Section 7.05(c) or Section 7.06(d) of the Aircraft Security Agreement), the Trustee shall deposit with the Paying Agent money in funds immediately available on the redemption date sufficient to pay the redemption price, including the principal amount of, accrued and unpaid interest on, and Make-Whole Amount, if any, with respect to, all Notes called for redemption on that date.

If any Note called for redemption shall not be so paid on the applicable redemption date, any redemption price due but not paid on such redemption date shall, until paid, continue to bear interest from the applicable redemption date at the Past Due Rate in effect for such Note as of such redemption date.

Section 2.26. Surrender of Notes Redeemed in Part. Upon surrender to the Paying Agent of a Note that is redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Noteholder a new Note with the principal amount determined in accordance with clause (ii) of the proviso in Section 2.07(b).

Section 2.27. Termination of Interest in Collateral. Without limiting Section 13.02, no Noteholder or Indemnitee shall, as such, have any further interest in, or other right with respect to, the Collateral when and if the principal amount of, Make-Whole Amount, if any, and interest (including, to the extent permitted by law, post-petition interest and interest on any overdue amounts) on and all other amounts due under all Notes held by such Noteholder and all other sums then due and payable by the Company to such Noteholder or Indemnitee, as the case may be, hereunder and under the Aircraft Security Agreement (collectively, the “Secured Obligations”) have been paid in full.

ARTICLE III

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE COLLATERAL

Section 3.01. Basic Distributions. Except as otherwise provided in Section 3.02, Section 3.03 and Section 3.04, each periodic payment by the Company of regularly scheduled installments of principal or interest on the Notes received by the Trustee shall be promptly distributed in the following order of priority:

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first, so much of such payment as shall be required to pay in full the aggregate amount of the payment or payments of principal amount and interest (as well as any interest on any overdue principal amount and, to the extent permitted by applicable law, on any overdue interest and any other overdue amounts) then due under all Notes shall be distributed to the Noteholders ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Note bears to the aggregate amount of the payments then due under all Notes;

second, the balance, if any, of such installment remaining thereafter shall be distributed to the Company.

Section 3.02. Event of Loss; Mandatory Redemption; Voluntary Redemption. Except as otherwise provided in Section 3.03 and Section 3.04 and subject to the following proviso, any payments (including insurance and requisition proceeds distributed to the Trustee by the Security Agent in accordance with Section 7.05(c) of the Aircraft Security Agreement or Section 7.06(d) of the Aircraft Security Agreement) or received by the Trustee from the Company pursuant to Section 2.19 or Section 2.20, as applicable, shall be applied by the Paying Agent on the applicable redemption date to the redemption of Notes or portions thereof pursuant to Section 2.19 or Section 2.20, as applicable, and to payment of all other Secured Obligations then due by applying such payments in the following order of priority:

first, so much of such payments as shall be required (i) to reimburse the Trustee and the Security Agent for any reasonable costs or expenses actually incurred in connection with such redemption for which they are entitled to reimbursement, or indemnity by the Company, under the Operative Documents; and then (ii) to pay all other Secured Obligations then due to the Trustee, the Security Agent and the other Indemnitees under this Indenture, the Notes or any other Operative Document (other than amounts specified in clause “second” below);

second, after giving effect to clause “first” above, so much of such payments remaining as shall be required to pay in full (A), in the case of a redemption of Notes with respect to any Aircraft or Eligible Aircraft pursuant to Section 2.19(a), (b) or (c) hereof, the aggregate unpaid principal amount of the Allocable Portion with respect to such Aircraft or Eligible Aircraft, and accrued and unpaid interest thereon and Make-Whole Amount, if any, thereon, and all other Secured Obligations, if any, relating to such Aircraft or Eligible Aircraft, in each case as specified in the applicable clause of Section 2.19, or (B), in the case a redemption of Notes with pursuant to Section 2.20 hereof, the aggregate unpaid principal amount of all Notes, and the accrued but unpaid interest thereon, and Make-Whole Amount, if any, thereon and all other Secured Obligations in respect

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of the Notes to the date of distribution, in each case as specified in Section 2.20, shall be distributed to the Noteholders, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that (x) the aggregate unpaid principal amount of all Notes held by each holder thereof plus the accrued but unpaid interest and other amounts due in respect thereof hereunder or thereunder to the date of distribution bears to (y) the aggregate unpaid principal amount of all Notes held by all holders thereof plus the accrued but unpaid interest and other amounts due thereon to the date of distribution; and

third, the balance, if any, of such payments shall be distributed to the Company;

provided that in the case of any redemption of the Notes or portion thereof pursuant to Section 2.19(a) or Section 2.19(c), no Make-Whole Amount shall be payable on the Notes or any portion thereof.

Section 3.03. Payments After Event of Default. Except as otherwise provided in Section 3.04, all payments received (including any distributions from the Security Agent) and amounts held or realized by the Trustee (including any amounts realized by the Trustee from the exercise of any remedies pursuant to Article IV) after both an Event of Default shall have occurred and be continuing and the Notes shall have become due and payable pursuant to Section 4.02(a), as well as all payments or amounts then held by the Trustee as part of the Collateral, shall be promptly distributed by the Trustee in the following order of priority:

first, so much of such payments or amounts as shall be required to (i) reimburse the Trustee, the Security Agent or U.S. Bank, to the extent the Trustee, the Security Agent or U.S. Bank is entitled to be reimbursed or indemnified under the Operative Documents, for any Tax, expense or other loss (including, without limitation, all amounts to be expended at the expense of, or charged upon the tolls, rents, revenues, issues, products and profits of, the property included in the Collateral pursuant to Section 4.02(a) hereof or Section 4.02(a) of the Aircraft Security Agreement, as applicable) actually incurred by the Trustee, the Security Agent or U.S. Bank (to the extent not previously reimbursed), the expenses of any sale, taking or other proceeding, reasonable attorneys' fees and expenses, court costs and any other expenditures actually incurred or expenditures or advances made by the Trustee, the Security Agent or U.S. Bank in the protection, exercise or enforcement of any right, power or remedy or any damages sustained by the Trustee, the Security Agent or U.S. Bank, liquidated or otherwise, upon such Event of Default shall be applied by the Trustee as between itself, the Security Agent and U.S. Bank in reimbursement of such expenses and any other expenses for which the Trustee, the Security Agent and U.S. Bank are entitled to

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reimbursement under any Operative Document; and (ii) pay all Secured Obligations then due to the other Indemnitees under this Indenture, the Aircraft Security Agreement or the Notes (other than amounts specified in clauses “second” and “third” below); and in case the aggregate amount so to be distributed shall be insufficient to pay as aforesaid in clauses (i) and (ii), then ratably, without priority of one over the other, in proportion to the amounts owed each hereunder;

second, after giving effect to clause “first” above, so much of such payments or amounts remaining as shall be required to reimburse the then existing or prior Noteholders for payments made pursuant to Section 5.01(d) hereof or Section 5.01(d) of the Aircraft Security Agreement (to the extent not previously reimbursed) shall be distributed to such then existing or prior Noteholders ratably, without priority of one over the other, in accordance with the amount of the payment or payments made by each such then existing or prior Noteholder pursuant to Section 5.01(d) hereof or Section 5.01(d) of the Aircraft Security Agreement;

third, after giving effect to clause “second” above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid principal amount of all Notes, and the accrued but unpaid interest and other amounts due thereon and all other Secured Obligations in respect of the Notes to the date of distribution, shall be distributed to the Noteholders, and in case the aggregate amount so to be distributed shall be insufficient to pay in full as aforesaid, then ratably, without priority of one over the other, in the proportion that (x) the aggregate unpaid principal amount of all Notes held by each holder thereof plus the accrued but unpaid interest and other amounts due in respect thereof hereunder or thereunder to the date of distribution bears to (y) the aggregate unpaid principal amount of all Notes held by all holders thereof plus the accrued but unpaid interest and other amounts due thereon to the date of distribution; and

fourth, the balance, if any, of such payments or amounts remaining thereafter shall be distributed to the Company.

No Make-Whole Amount shall be payable on the Notes as a consequence of or in connection with an Event of Default or the acceleration of the Notes.

Section 3.04. Certain Payments.

(a) Payments Governed by Other Provisions. Any payments received by the Trustee for which provision as to the application thereof is made in this Indenture other than in this Article III or in the Aircraft Security Agreement shall be applied as provided

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in those provisions. Without limiting the foregoing, any payments received by the Trustee which are payable to the Company pursuant to any of the provisions of this Indenture other than those set forth in this Article III or in the Aircraft Security Agreement (including Section 5.06 hereof or Section 5.06 of the Aircraft Security Agreement) shall be so paid to the Company. Any payments received by the Trustee for which no provision as to the application thereof is made in this Indenture and for which such provision is made in any other Operative Document shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of such other Operative Document.

(b) Indemnity Payments. Notwithstanding anything to the contrary contained in this Article III, the Trustee will distribute promptly upon receipt any indemnity payment received by it from the Company pursuant to Section 8.01 hereof payable to (i) U.S. Bank and the Trustee, (ii) the Security Agent, (iii) any separate or additional security agent appointed pursuant to Section 8.02 of the Aircraft Security Agreement, and (iv) any Agent, in each case, directly to the Person entitled thereto.

(c) Amounts Payable to the Company. Any payments received by the Trustee not constituting part of the Collateral or otherwise for which no provision as to the application thereof is made in any Operative Document shall be distributed by the Trustee to the Company. Further, and except as otherwise provided in Section 3.02 and Section 3.03, all payments received from the Security Agent, all other payments and amounts realized by the Trustee with respect to any Aircraft, Airframe or Engine (including, following the discharge or termination of the Lien of the Aircraft Security Agreement with respect thereto), to the extent received or realized at any time after payment in full of all Secured Obligations, as well as any amounts remaining as part of the Collateral after the occurrence of such payment in full, shall be distributed by the Trustee to the Company.

Section 3.05. Payments to the Company. Any amounts distributed hereunder by the Trustee to the Company shall be paid promptly to the Company by wire transfer of funds of the type received by the Trustee at such office and to such account or accounts of such entity or entities as shall be designated by notice from the Company to the Trustee from time to time.

Section 3.06. Payments from the Security Agent. Any amounts distributed by the Security Agent to the Trustee pursuant to the terms of the Aircraft Security Agreement (including Section 4.02, Section 5.06, Section 7.05 and Section 7.06 thereof), shall be promptly credited by the Trustee to the Cash Securities Account and held pursuant to Section 3.07 until such time as the Trustee is required to pay such funds, or deposit such funds with the Paying Agent to be paid on the same day, in each case, in accordance with the terms of this Indenture or any other Operative Document.

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Section 3.07. Cash Securities Account. U.S. Bank agrees to act as an Eligible Institution under this Indenture in accordance with the provisions of this Indenture with respect to the Cash Securities Account (as defined below) (in such capacity, the “Cash Securities Intermediary”). Except in its capacity as Trustee, U.S. Bank waives any claim or lien against the Cash Securities Account it may have, by operation of law or otherwise, for any amount owed to it by the Company. The Cash Securities Intermediary hereby agrees that, notwithstanding anything to the contrary in this Indenture, (i) all amounts to be held by the Trustee pursuant to this Indenture (including amounts received from the Security Agent pursuant to Section 3.06), except any amounts required to be credited to the Pre-funded Collateral Account pursuant to Section 1.03, will be credited to an Eligible Account (the “Cash Securities Account”) for which it is a “securities intermediary” (as defined in Section 8-102(a)(14) of the NY UCC) and the Trustee is the “entitlement holder” (as defined in Section 8-102(a)(7) of the NY UCC) of the “security entitlement” (as defined in Section 8-102(a)(17) of the NY UCC) with respect to each “financial asset” (as defined in Section 8-102(a)(9) of the NY UCC) credited to such Eligible Account, (ii) all such amounts, Permitted Investments and all other property acquired with cash credited to the Cash Securities Account will be credited to the Cash Securities Account, (iii) all items of property (whether cash, investment property, Permitted Investments, other investments, securities, instruments or other property) credited to the Cash Securities Account will be treated as a “financial asset” under Article 8 of the NY UCC, (iv) its “securities intermediary’s jurisdiction” (as defined in Section 8-110(e) of the NY UCC) with respect to the Cash Securities Account is the State of New York, and (v) all securities, instruments and other property in order or registered form and credited to the Cash Securities Account shall be payable to or to the order of, or registered in the name of, the Cash Securities Intermediary or shall be indorsed to the Cash Securities Intermediary or in blank, and in no case whatsoever shall any financial asset credited to the Cash Securities Account be registered in the name of the Company, payable to or to the order of the Company or specially indorsed to the Company except to the extent the foregoing have been specially indorsed by the Company to the Cash Securities Intermediary or in blank. The Trustee agrees that it will hold (and will indicate clearly in its books and records that it holds) its “security entitlements” to the “financial assets” credited to the Cash Securities Account in trust for the benefit and security of the Noteholders and the Indemnitees as part of the Pre-funded Collateral as set forth in this Indenture. The Company acknowledges that, by reason of the Trustee being the “entitlement holder” in respect of the Cash Securities Account as provided above, the Trustee shall have the sole right and discretion, subject only to the terms of this Indenture, to give all “entitlement orders” (as defined in Section 8-102(a)(8) of the NY UCC) with respect to the Cash Securities Account and any and all financial assets and other property credited thereto to the exclusion of the Company. If any Person asserts any Lien (including, without limitation, any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Cash Securities Account or any

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financial asset carried therein, U.S. Bank will promptly notify the Trustee and the Company thereof.

By its acceptance of the Notes, each Noteholder shall be deemed to have agreed to the actions to be taken by the Trustee pursuant to this Section 3.07 and no further notice to, consent of, or other action by, any Noteholder shall be required.

ARTICLE IV

EVENTS OF DEFAULT; REMEDIES OF TRUSTEE

Section 4.01. Events of Default. Each of the following events shall constitute an “Event of Default” whether such event shall be voluntary or involuntary or shall 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 as long as, it shall not have been remedied or explicitly waived:

(a) the Company shall fail to make any payment within 15 days after the same shall have become due of principal amount of, interest on, or Make-Whole Amount, if any, with respect to, any Note;

(b) the Company shall fail to make payment when the same shall become due of any amount (other than amounts referred to in Section 4.01(a)) due hereunder or under any Note, and such failure shall continue unremedied for 30 days after the receipt by the Company of written notice thereof from the Trustee or from a Threshold Percentage of Noteholders;

(c) [reserved];

(d) the Company shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder (other than the obligations in Section 1.03(b) hereof) or under any Note, and such failure shall continue unremedied for a period of 60 days after receipt by the Company of written notice thereof from the Trustee or a Threshold Percentage of Noteholders; provided that, if such failure is capable of being remedied, no such failure shall constitute an Event of Default for a period of one year after such notice is received by the Company so long as the Company is diligently proceeding to remedy such failure;

(e) any representation or warranty made by the Company in this Indenture or in any Note shall prove to have been incorrect in any material respect at the time made, and such incorrectness shall continue to be material to the transactions contemplated

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hereby and shall continue unremedied for a period of 60 days after receipt by the Company of written notice thereof from the Trustee or a Threshold Percentage of Noteholders; provided that, if such incorrectness is capable of being remedied, no such incorrectness shall constitute an Event of Default for a period of one year after such notice is received by the Company so long as the Company is diligently proceeding to remedy such incorrectness;

(f) the Company shall consent to the appointment of or the taking of possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, 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;

(g) the Company shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief as a debtor in a case under any bankruptcy laws or insolvency laws (as in effect at such time) or an answer admitting the material allegations of a petition filed against the Company as a debtor in any such case, or the Company shall seek relief as a debtor, by voluntary petition, answer or consent, under the provisions of any other bankruptcy or other similar law providing for the reorganization or winding-up of corporations (as in effect at such time), or the Company shall seek an agreement, composition, extension or adjustment with its creditors under such laws;

(h) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Company, a receiver, trustee or liquidator of the Company or sequestering any substantial part of its property, or granting any other relief in respect of the Company as a debtor under any bankruptcy laws or insolvency laws (as in effect at such time), 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;

(i) a petition against the Company as a debtor in a case under the federal bankruptcy laws or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations that may apply to the Company, any court of competent jurisdiction assumes jurisdiction, custody or control of the Company 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) after the Aircraft Security Agreement is entered into pursuant to Section 1.03(c), an Aircraft Security Event of Default shall have occurred and be continuing.

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Section 4.02. Remedies.

(a) General. If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Trustee may, and upon the written instructions of a Majority in Interest of Noteholders, the Trustee shall, do one or more of the following to the extent permitted by, and subject to compliance with the requirements of, applicable law then in effect:

(i) declare by written notice to the Company all the Notes to be due and payable, whereupon the aggregate unpaid principal amount of all Notes then outstanding, together with accrued but unpaid interest thereon and all other amounts due thereunder (but for the avoidance of doubt, without Make-Whole Amount), shall immediately become due and payable without presentment, demand, protest or other notice, all of which are hereby waived; provided that if an Event of Default referred to in Section 4.01(f), Section 4.01(g), Section 4.01(h) or Section 4.01(i) shall have occurred and be continuing, then and in every such case the unpaid principal amount of the Notes then outstanding, together with accrued but unpaid interest thereon and all other amounts due thereunder (but for the avoidance of doubt, without Make-Whole Amount), shall immediately and without further act become due and payable without presentment, demand, protest or notice, all of which are hereby waived; and, following such declaration or deemed declaration:

(ii) if the Aircraft Security Agreement shall have been entered into pursuant to Section 1.03(c), instruct the Security Agent to take any action pursuant to Section 4.02 of the Aircraft Security Agreement in accordance with the terms thereof and of applicable law; or

(iii) exercise any other remedy of a secured party under the Uniform Commercial Code of the State of New York (whether or not in effect in the jurisdiction in which enforcement is sought) with respect to the Pre-funded Collateral.

(b) Control of Remedies. A Majority in Interest of Noteholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or the Security Agent (subject, in the case of any actions of the Security Agent, to any limitations otherwise expressly provided for in the other Operative Documents) or exercising any trust or power conferred on it; provided that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction. The Trustee may refuse to follow any direction hereunder or authorization under Section 4.05 hereof if the Trustee has been advised by counsel that such action requested conflicts with law or this Indenture, that the Trustee determines may subject the Trustee to personal liability or that the Trustee determines may be unduly prejudicial to the rights

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of another Noteholder. However, the Trustee shall have no liability for any actions or omissions to act which are in accordance with any such direction or authorization. A Majority in Interest of Noteholders shall not direct the Trustee to sell or otherwise dispose of any Collateral, or to instruct the Security Agent to do the same, unless all unpaid principal of, and accrued but unpaid interest on, the Outstanding Notes and other amounts otherwise payable under this Indenture, if any, shall be declared or otherwise become due and payable immediately.

(c) Power of Attorney, Etc. To the extent permitted by applicable law, the Company irrevocably appoints, while an Event of Default has occurred and is continuing, the Trustee the true and lawful attorney-in-fact of the Company (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Indenture, whether pursuant to foreclosure or power of sale, or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as may be necessary or appropriate, with full power of substitution, the Company hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law; provided that if so requested by the Trustee or any purchaser, the Company shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may reasonably be designated in any such request.

(d) Rescission and Annulment of Acceleration. At any time after the Trustee has declared the unpaid principal amount of all Notes then outstanding to be due and payable, or all Notes shall have become due and payable as provided in the proviso to Section 4.02(a)(i), and, in either case, prior to the sale of any part of the Collateral pursuant to this Article IV or pursuant to Article IV of the Aircraft Security Agreement, a Majority in Interest of Noteholders, by written notice to the Company and the Trustee, may rescind and annul such declaration, whether made by the Trustee on its own accord or as directed or deemed declaration, and its consequences if: (i) there has been paid to or deposited with the Trustee an amount sufficient to pay all overdue installments of principal amount of, and interest on, the Notes, and all other amounts owing under the Operative Documents, that have become due otherwise than by such declaration of acceleration and (ii) all other Events of Default, other than nonpayment of principal amount or interest on the Notes that have become due solely because of such acceleration, have been either cured or waived; provided that no such rescission or annulment shall extend to or affect any subsequent default or Event of Default or impair any right consequent thereon.

(e) Appraisals. Upon the occurrence and continuation of an Event of Default, the Trustee shall obtain three desktop appraisals from the Appraisers selected by a Majority in Interest of Noteholders setting forth the current market value, current lease

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rate and distressed value (in each case, as defined by the International Society of Transport Aircraft Trading or any successor organization) of the Aircraft (each such appraisal, an “Appraisal”). For so long as any Event of Default shall have occurred and be continuing, the Trustee will obtain updated Appraisals on the date that is 364 days from the date of the most recent Appraisal (or if an Event of Default set forth in Section 4.01(f), (g), (h) or (i) of this Indenture shall have occurred and be continuing, on the date that is 180 days from the date of the most recent Appraisal) and shall post such Appraisals on DTC’s Internet bulletin board or make such other commercially reasonable efforts as a Majority in Interest of Noteholders may deem appropriate to make such Appraisals available to all Noteholders.

Section 4.03. Remedies Cumulative; Trustee Not Required to Possess or Produce Notes. To the extent permitted under applicable law, each and every right, power and remedy specifically given to the Trustee herein shall be cumulative and shall be in addition to every other right, power and remedy specifically given herein or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically given herein or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall, to the extent permitted by applicable law, impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Company or to be an acquiescence therein.

The Trustee may maintain any proceeding even if the Trustee does not possess any of the Notes or does not produce them in the proceeding.

Section 4.04. Discontinuance of Proceedings. In case the Trustee shall have instituted any proceedings to enforce any right, power or remedy under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Pre-funded Collateral, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been undertaken (but otherwise without prejudice).

Section 4.05. Waiver of Past Defaults. A Majority in Interest of Noteholders by notice to the Trustee may authorize the Trustee to waive, and to instruct the Security Agent to waive, if applicable, any past Default hereunder or under any other Operative Document and its consequences, and upon any such waiver such Default shall cease to exist and any Event of Default (including, if applicable, any Event of Default that is an

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Aircraft Security Event of Default) arising therefrom shall be deemed to have been cured for every purpose of this Indenture and the other Operative Documents, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon; provided that in the absence of written authorizations from each of the affected Noteholders, the Trustee shall not waive, or instruct the Security Agent to waive, any Default or Event of Default (i) in the payment of the principal amount, Make-Whole Amount, if any, or interest due under any Note then outstanding (other than with the consent of the holder thereof), or (ii) in respect of a covenant or provision hereof or of another Operative Document which, under Article XII, cannot be modified or amended without the consent of each such affected Noteholder.

Section 4.06. Noteholders May Not Bring Suit Except Under Certain Conditions. A Noteholder shall not have the right to institute any suit, action or proceeding at law or in equity or otherwise with respect to this Indenture or any of the other Operative Documents for the appointment of a receiver or for the enforcement of any other remedy under this Indenture or any of the other Operative Documents, unless:

(1) such Noteholder previously shall have given written notice to the Trustee of a continuing Event of Default;

(2) a Threshold Percentage of Noteholders shall have requested the Trustee in writing to institute such action, suit or proceeding, or to instruct the Security Agent to institute such action, suit or proceeding, and shall have offered to the Trustee or the Security Agent, as the case may be, indemnity as provided in Section 5.01(d) hereof or Section 5.01(d) of the Aircraft Security Agreement, as applicable;

(3) the Trustee or the Security Agent, as the case may be, shall have refused or neglected to institute any such action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and

(4) no Direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by a Majority in Interest of Noteholders.

It is understood and intended that no one or more of the Noteholders shall have any right in any manner whatsoever hereunder or under the Notes or the Aircraft Security Agreement or any other Operative Document to (i) surrender, impair, waive, affect, disturb or prejudice any Collateral, or the Lien of this Indenture on any Pre-funded Collateral or the Lien of the Aircraft Security Agreement on any Aircraft Collateral, or the rights of any other Noteholder, (ii) obtain or seek to obtain priority over or preference with respect to any such other Noteholder or (iii) enforce any right under this Indenture or any other Operative Document, except in the manner provided in this Indenture or

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such other Operative Document and for the equal, ratable and common benefit of all the Noteholders subject to the provisions of this Indenture and the other Operative Documents.

Section 4.07. Appointment of a Receiver. To the extent permitted by applicable law, if an Event of Default shall have occurred and be continuing, and the Notes either shall have been accelerated pursuant to Section 4.02 or have become due at maturity, the Trustee shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Trustee or any successor or nominee thereof) for all or any part of the Pre-funded Collateral, whether such receivership be incidental to a proposed sale of the Pre-funded Collateral or the taking of possession thereof or otherwise, and, to the extent permitted by applicable law, the Company hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Pre-funded Collateral shall be entitled to exercise all the rights and powers of the Trustee with respect to the Pre-funded Collateral.

Section 4.08. Application of Proceeds. Any monies collected by the Trustee pursuant to this Article IV or by the Security Agent under Article IV of the Aircraft Security Agreement shall be distributed in the order provided in Section 3.03 hereof at the date or dates fixed by the Trustee and, in case of the distribution of such monies on account of principal or interest, upon presentation of the several Notes and stamping (or otherwise noting) thereon the payment, or issuing Notes in reduced principal amounts in exchange for the presented Notes if only partially paid, or upon surrender thereof if fully paid.

The Trustee may fix a record date and payment date for any payment to Noteholders pursuant to this Section 4.08, and the Trustee shall give the Company and the Noteholders written notice thereof no less than 15 days prior to any such record date.

Section 4.09. Rights of Noteholders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Noteholder to receive payment of principal of, Make-Whole Amount, if any, and interest, if any, on the Notes held by such Noteholder, on or after the respective due dates expressed in the Notes, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Noteholder.

Without limiting Section 4.06, it is hereby expressly understood, intended and agreed that any and all actions which a Noteholder may take to collect, or enforce the payment of, principal of, Make-Whole Amount, if any, and interest, if any, on the Notes held by such Noteholder due to such Noteholder, except to the extent that such action is determined to be on behalf of all Noteholders of all the Outstanding Notes, shall be in addition to and shall not in any way change, adversely affect or impair the rights and remedies of the Trustee, the Security Agent or any other Noteholder under this Indenture,

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the Aircraft Security Agreement or the other Operative Documents, including the right to foreclose upon and sell the Collateral or any part thereof and to apply any proceeds realized in accordance with the provisions of this Indenture (provided that, notwithstanding the foregoing, in no event shall the Company be required to make duplicative payments, either directly or from the proceeds of the Collateral).

Section 4.10. Collection Suit by the Trustee. If an Event of Default arising from a failure to make a payment of principal amount of, interest on, or Make-Whole Amount (if any) with respect to, the Notes occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal amount of, interest on, or Make-Whole Amount (if any) with respect to, the Notes remaining unpaid, together with any interest payable in respect of any of such unpaid amounts pursuant to Section 2.07(c), and such further amount as shall be sufficient to cover the reasonable costs and expenses of collection due to the Trustee pursuant to Section 8.02(c), including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 4.11. Trustee May File Proofs of Claim. The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, due to the Trustee pursuant to Section 8.02(c)) and the claims of the Noteholders allowed in any judicial proceedings relative to the Company, its creditors or its property, and shall be entitled and empowered to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any judicial proceedings referred to in the immediately preceding sentence is hereby authorized by each Noteholder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee pursuant to Section 8.02(c). Unless prohibited by law or applicable regulations, the Trustee is authorized to vote on behalf of the Noteholders for the election of a trustee in bankruptcy or other Person performing similar functions. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Noteholder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such proceeding except, as aforesaid, for the election of a trustee in bankruptcy or person performing similar functions.

Section 4.12. Undertaking for Costs. All parties to this Indenture agree, and each Noteholder of any Note by such Noteholder's acceptance thereof shall be deemed to have

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agreed, that any court in its discretion may require in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. To the extent permitted by applicable law, this Section 4.12 does not apply to a suit by the Trustee or a suit by a Noteholder pursuant to Section 4.09 hereof.

ARTICLE V

TRUSTEE

Section 5.01. Duties of Trustee.

(a) Exercise of Rights and Powers During an Event of Default. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Performance in the Absence of an Event of Default. Except during the continuance of an Event of Default:

(i) The Trustee need perform only those duties as are specifically set forth in this Indenture and the other Operative Documents and no others.

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) Liability, Etc. The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) This paragraph (c) does not limit the effect of paragraph (b) of this Section 5.01 or of Section 5.02 hereof.

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(ii) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(iii) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 4.02(b) hereof.

(d) Indemnification; Advice of Counsel; Etc. The Trustee shall not be required to take any action or refrain from taking any action under this Article V (other than Section 5.05) or Article IV unless the Trustee shall have received indemnification against any risks incurred in connection therewith in form and substance reasonably satisfactory to it, including, without limitation, adequate advances against costs that may be actually incurred by it in connection therewith. The Trustee shall not be required to take any action under this Article V (other than Section 5.05) or Article IV, nor shall any other provision of any Operative Document be deemed to impose a duty on the Trustee to take any action, if the Trustee shall have been advised by outside counsel that such action is contrary to the terms hereof or is otherwise contrary to law.

(e) Other Provisions. Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (d) of this Section 5.01.

(f) Funds Held in Trust. Funds held in trust for the benefit of the Noteholders of the Notes by the Trustee or any Paying Agent on deposit with itself or elsewhere, and Investment Securities or Eligible Investments held in trust for the benefit of the Noteholders of the Notes by the Trustee, shall be held in distinct, identifiable accounts, and other funds or investments of any nature or from any source whatsoever may not be held in such accounts. The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company.

Section 5.02. Rights of Trustee.

(a) Reliance on Documents. The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper Person. Without limiting Section 5.01(c)(ii), the Trustee need not investigate any fact or matter stated in the document.

(b) Officer's Certificate or Opinion of Counsel. Before the Trustee acts or refrains from acting (unless other evidence is provided for herein), it may require an Officer's Certificate or an Opinion of Counsel (which shall conform to Section 11.04 hereof if this Indenture is qualified under the TIA at the time such Officer's Certificate or Opinion of Counsel, as the case may be, is to be delivered). The Trustee shall not be

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liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(c) Acting Through Agents. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its attorneys and agents and the Trustee shall not be responsible for the misconduct or negligence of any agent or attorney appointed by it with due care.

Section 5.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or Affiliates of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Sections 5.11 and 5.12 hereof.

Section 5.04. Trustee's Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes, and it shall not be responsible for any statement in the Notes or in this Indenture other than its certificate of authentication and as expressly set forth in Article IX of this Indenture.

Section 5.05. Notice of Defaults. If a Default occurs and is continuing and if it is known to a Responsible Officer of the Trustee or the Security Agent, the Trustee shall mail to the Company, the Security Agent and each Noteholder a notice of the Default within 90 days after the occurrence thereof except as otherwise permitted by the TIA. Except in the case of a Payment Default, the Trustee may withhold the notice if and so long as it, in good faith, determines that withholding the notice is in the interests of the Noteholders.

Section 5.06. Investment of Amounts Held by the Trustee.

(a) General. Any monies (including for the purpose of this Section 5.06 (x) any amounts held by the Trustee pursuant to Section 1.03 or Section 3.07 or pursuant to any other provision hereof or of any other Operative Document providing for amounts to be held by the Trustee (which amounts are not to be distributed or paid over by the Trustee when received, pursuant to the provisions of Article III hereof or pursuant to Section 7.05(c) or Section 7.06(d) of the Aircraft Security Agreement or pursuant to any other provision of the Aircraft Security Agreement or of any other Operative Document providing for distribution or paying over of any amounts by the Trustee when received), (y) Permitted Investments purchased by the use of such amounts pursuant to this Section 5.06 and (z) any cash constituting the proceeds of the maturity, sale or other disposition of any such Permitted Investments) held by the Trustee hereunder as part of the Pre-funded Collateral, until paid out by the Trustee as herein provided, (i) subject to clause (ii) below, Section 1.03 and Section 3.07, may be carried by the Trustee on deposit

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with itself or on deposit to its account with any bank, trust company or national banking association incorporated or doing business under the laws of the United States or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000, and the Trustee shall not have any liability for interest upon any such monies except as otherwise agreed in writing with the Company, or (ii) at any time and from time to time, so long as no Event of Default shall have occurred and be continuing, at the request of the Company, shall be invested and reinvested in Permitted Investments as specified in such request (if such investments are reasonably available for purchase) and sold, in any case at such prices, including accrued interest or its equivalent, as are set forth in such request, and, as provided in Section 1.03 and Section 3.07, such Permitted Investments shall be held by the Trustee in trust as part of the Pre-funded Collateral until so sold; provided that the Company shall upon demand pay to the Trustee the amount of any loss realized upon maturity, sale or other disposition of any such Permitted Investment. The Trustee shall not be responsible for any losses on any investments or sales of Permitted Investments made pursuant to the procedure specified in this Section 5.06 other than by reason of its willful misconduct or negligence.

(b) Investment of Amounts in the Cash Securities Account. The provisions of this Section 5.06(b) shall apply with respect to amounts credited to the Cash Securities Account that are invested by the Trustee in Permitted Investments. So long as no Event of Default or Payment Default shall have occurred and be continuing, the Company shall be entitled to receive from the Trustee, and the Trustee shall promptly pay to the Company, any profit, income, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment. All Permitted Investments held by the Trustee pursuant to this Section 5.06 and credited to the Cash Securities Account shall be held pursuant to Section 3.07. If an Event of Default or Payment Default shall have occurred and be continuing, any net income, profit, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment shall be held as part of the Pre-funded Collateral and shall be applied by the Trustee at the same time, on the same conditions and in the same manner as the amounts in respect of which such income, profit, interest, dividend or gain was realized are required to be distributed in accordance with the provisions hereof pursuant to which such amounts were required to be held. Subject to Section 3.03, at such time as there shall not be continuing any such Event of Default or Payment Default, such income, profit, interest, dividend or gain shall be paid to the Company. In addition, subject to Section 3.03, if any moneys or investments are held by the Trustee solely because an Event of Default or Payment Default has occurred and is continuing, at such time as there shall not be continuing any such Event of Default or Payment Default, such moneys and investments shall be paid to the Company.

(c) Investment of Amounts in the Pre-funded Collateral Account. The provisions of Section 1.03 shall apply with respect to amounts credited to the Pre-funded Collateral Account that are invested by the Trustee in Permitted Investments.

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Section 5.07. Information Reporting; Reports by Trustee to Noteholders. If circumstances require any report to Noteholders under TIA Section 313(a), such report shall be mailed to Noteholders within 60 days after each May 15 (beginning with the May 15 following the date of this Indenture) as of which such circumstances exist. The Trustee also shall comply with the remainder of TIA Section 313.

The Company shall notify the Trustee if the Notes become listed on or delisted from any stock exchange or other recognized trading market.

Section 5.08. Compensation and Indemnity. The Company shall pay to the Trustee from time to time reasonable compensation, as agreed upon from time to time, for its services. To the extent permitted by applicable law, the Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable disbursements, expenses and advances incurred or made by it in any such capacities, except any such disbursement, expense or advance as may be attributable to its negligence or bad faith. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents, including the Security Agent, and counsel.

To secure the Company's payment obligations to the Trustee in Section 8.02 hereof and in this Section 5.08, the Trustee shall have a Lien (legal and equitable) prior to the Notes on all money or property held or collected by the Trustee, in its capacity as Trustee, or otherwise distributable to Noteholders, except money, securities, or property held in trust to pay principal of, interest on, or Make-Whole Amount or other premium, if any, with respect to the particular Notes, and subject in all respects to the payment priorities set forth in Article III hereof.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 4.01 (f), (g), (h) or (i) hereof occurs, to the extent permitted by law, the reasonable expenses and the compensation for the services are intended to constitute expenses of administration under the Bankruptcy Code or any similar law of any jurisdiction other than the United States.

Section 5.09. Replacement of Trustee and Security Agent. The Trustee may resign at any time by so notifying the Company in writing. A Majority in Interest of Noteholders may remove the Trustee, or cause the Trustee to remove the Security Agent, by so notifying the Trustee in writing and may appoint a successor Trustee or a successor Security Agent with the Company's consent, which consent shall not be unreasonably refused or delayed. The Company may remove the Trustee if:

- (a) such Trustee fails to comply with Section 5.11 hereof;
- (b) such Trustee is adjudged a bankrupt or an insolvent;

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- (c) a receiver or other public officer takes charge of such Trustee or its property;
- (d) such Trustee becomes incapable of acting; or
- (e) no Default or Event of Default has occurred and is continuing and the Company determines in good faith to remove such Trustee.

Without limiting the second sentence of this Section 5.09, if the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that, the retiring Trustee shall duly assign, transfer and deliver all property (and all books and records, or true, correct and complete copies thereof) held by it as Trustee to the successor Trustee, and subject to the Lien provided in Section 5.08 hereof, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. A successor Trustee shall mail notice of its succession to each Noteholder. If there is a successor Security Agent under the Aircraft Security Agreement, the Trustee shall mail notice of such succession to each Noteholder.

No resignation or removal of the Trustee and no appointment of a successor Trustee, pursuant to this Article V, shall become effective until the acceptance of appointment by the successor Trustee under this Section 5.09. If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Noteholders of at least 10% in aggregate principal amount of the Notes Outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 5.11 hereof, any Noteholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding replacement of the Trustee pursuant to this Section 5.09, the Company's obligations under Section 5.08 hereof shall continue for the benefit of the retiring Trustee (whether in its capacity as Trustee or Security Agent) which shall retain its claim pursuant to Section 5.08 hereof.

After the Aircraft Security Agreement is entered into, the Aircraft Security Agreement will contain additional provisions that shall govern resignation, removal and replacement of the Security Agent.

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Section 5.10. Successor Trustee by Merger, etc. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another Person, the resulting, surviving, succeeding or transferee Person without any further act shall be the successor Trustee; provided that such successor Person shall be otherwise qualified and eligible under this Article V. In case any Notes shall have been executed or authenticated, but not delivered, by the Trustee then in office, such successor may adopt such execution or authentication and deliver the Notes so executed or authenticated with the same effect as if such successor Trustee had itself executed or authenticated such Notes.

Section 5.11. Eligibility; Disqualification. This Indenture shall always have a Trustee who, from and after the time this Indenture is qualified under the TIA, satisfies the requirements of TIA Section 310(a)(1) and Section 310(a)(5). The Trustee shall be a Citizen of the United States (without the use of a voting trust) and shall have a combined capital and surplus of at least \$50,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereinafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States or any state or territory thereof or the District of Columbia and having a combined capital and surplus of at least \$50,000,000) as set forth in its most recent, published annual report of condition. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 5.11, it shall resign immediately in the manner and with the effect specified in this Article V. From and after the time this Indenture is qualified under the TIA, the Trustee shall comply with TIA Section 310(b); provided that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

Section 5.12. Preferential Collection of Claims Against Company. The provisions of this Section 5.12 shall apply from and after the time this Indenture is qualified under the TIA. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated.

Section 5.13. Other Capacities. In acting through the Security Agent as agent of the Trustee, the Trustee shall have and may effectively exercise all the rights, remedies and powers, and be entitled to all protections and indemnifications, provided to the Security Agent under any and all of the Indenture, the Aircraft Security Agreement and the other Operative Documents, regardless of whether the Trustee may purport to take or omit any action acting directly or through the Security Agent. The Trustee agrees to and shall have the benefit of all provisions of the Operative Documents stated therein to be applicable to the Trustee or any agent of the Trustee.

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ARTICLE VI
CERTAIN REPORTS

Section 6.01. Certain Reports. Promptly after the occurrence of an Event of Default set forth in Section 4.01(f), (g), (h) or (i) of this Indenture or an Event of Default resulting from the failure of American to make payments on any Note, and on any Payment Date while any such Event of Default shall be continuing, the Trustee will provide to the Noteholders and the Company a statement setting forth the following information:

(i) after the occurrence of an Event of Default set forth in Section 4.01(f), (g), (h) or (i) of this Indenture, with respect to any Aircraft, whether such Aircraft is (A) subject to the 60-day period of Section 1110 of the Bankruptcy Code, (B) subject to an election by the Company under Section 1110(a) of the Bankruptcy Code, (C) covered by an agreement contemplated by Section 1110(b) of the Bankruptcy Code or (D) not subject to any of (A), (B) or (C);

(ii) to the best of the Trustee's knowledge, after requesting such information from the Company, (i) whether any Aircraft is currently in service or parked in storage, (ii) the maintenance status of any Aircraft then subject to the Lien of the Aircraft Security Agreement and (iii) the location of any Engines then subject to the Lien of the Aircraft Security Agreement;

(iii) the current aggregate unpaid principal amount of the Notes and the Allocable Portion with respect to each Aircraft as of the next Payment Date;

(iv) the expected amount of interest which will have accrued on the Notes as of the next Payment Date;

(v) other amounts expected to be paid to each Person on the next Payment Date pursuant to this Indenture or the Aircraft Security Agreement;

(vi) details of the amounts expected to be paid on the next Payment Date identified by reference to the relevant provision of this Indenture; and

(vii) after the occurrence of an Event of Default set forth in Section 4.01(f), (g), (h) or (i) of this Indenture, any operational reports filed by the Company with the bankruptcy court which are available to the Trustee on a non-confidential basis.

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ARTICLE VII

CONDITIONS PRECEDENT TO AIRCRAFT CLOSING

Section 7.01. Conditions Precedent to Obligations of the Trustee. The obligation of the Trustee as contemplated by Section 1.03 to enter into, and direct the Security Agent to enter into, in the case of the initial Aircraft Closing, the Aircraft Security Agreement and an Aircraft Security Agreement Supplement or, in the case of any subsequent Aircraft Closing, an Aircraft Security Agreement Supplement, and to release from the Lien of this Indenture the Pre-funded Cash Collateral Amount with respect to the Eligible Aircraft being subject to the Lien of the Aircraft Security Agreement at the applicable Aircraft Closing Date is subject to the fulfillment (or the waiver by the Trustee) prior to or on such Aircraft Closing Date of the following conditions precedent:

(a) Reserved.

(b) No Changes in Law. No change shall have occurred after the date of this Indenture in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities or any court that would make it a violation of law or governmental regulations for the Security Agent to realize the benefits of the security afforded by the Aircraft Security Agreement with respect to such Eligible Aircraft.

(c) Documentation. The following documents with respect to such Eligible Aircraft shall have been duly authorized, executed and delivered by the respective party or parties thereto (other than the Trustee, the Security Agent or U.S. Bank), shall be in full force and effect and executed counterparts (or copies thereof where indicated) thereof shall have been delivered to the Trustee:

- (i) the Aircraft Security Agreement;
- (ii) the Aircraft Security Agreement Supplement covering such Eligible Aircraft and dated such Aircraft Closing Date;
- (iii) a copy of the FAA Bill of Sale with respect to such Eligible Aircraft; and
- (iv) a copy of the Warranty Bill of Sale with respect to such Eligible Aircraft.

(d) Financing Statement. A UCC financing statement or statements covering the security interest created by the Aircraft Security Agreement together with the Aircraft Security Agreement Supplement covering such Eligible Aircraft

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naming the Company, as debtor, and the Security Agent, as secured party, shall have been duly filed in all places necessary or desirable within the State of Delaware.

(e) Certain Closing Certificates. The Trustee shall have received the following:

(i) a certificate dated such Aircraft Closing Date of the Secretary or an Assistant Secretary of the Company, certifying as to (A) a copy of the resolutions of the Board of Directors of the Company or the executive committee thereof duly authorizing the transactions contemplated hereby and the execution, delivery and performance by the Company of the Aircraft Security Agreement and Aircraft Security Agreement Supplement covering such Eligible Aircraft and each other document required to be executed and delivered by the Company in accordance with the provisions hereof or thereof and (B) a copy of the certificate of incorporation and by-laws of the Company, as in effect on such Aircraft Closing Date;

(ii) a certificate or other evidence from the Secretary of State of the State of Delaware, dated as of a date reasonably near such Aircraft Closing Date, as to the due incorporation and good standing of the Company in such state; and

(iii) an incumbency certificate of the Company as to the person or persons authorized to execute and deliver the Aircraft Security Agreement and Aircraft Security Agreement Supplement covering such Eligible Aircraft and each other document to be executed by the Company in connection with the transactions contemplated hereby and thereby, and the specimen signatures of such person or persons.

(f) Representations; No Event of Default or Event of Loss. On such Aircraft Closing Date, the following statements shall be correct: (i) the representations and warranties of the Company in the Aircraft Security Agreement with respect to the Aircraft Closing of such Eligible Aircraft are correct in all material respects as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties are correct on and as of such earlier date) and (ii) no event has occurred and is continuing that constitutes an Event of Default or Event of Loss with respect to such Eligible Aircraft or would constitute an Event of Default or Event of Loss with respect to such Eligible Aircraft but for the requirement that notices be given or time elapse or both.

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(g) Opinion of Counsel to the Company. Each of the Trustee and the Security Agent shall have received an opinion addressed to it from Gary F. Kennedy, Esq., Senior Vice President, General Counsel and Chief Compliance Officer of the Company (or such other internal counsel to the Company as shall be reasonably satisfactory to the Trustee), substantially in the form set forth in **Exhibit E**.

(h) Opinion of Counsel to U.S. Bank, the Trustee and the Security Agent. Each of the Trustee and the Security Agent shall have received an opinion addressed to it from Shipman & Goodwin LLP, special counsel for U.S. Bank, the Trustee and the Security Agent, substantially in the form set forth in **Exhibit F**.

(i) Opinion of FAA Counsel. Each of the Trustee and the Security Agent shall have received an opinion addressed to it from Daugherty, Fowler, Peregrin, Haught & Jenson, a Professional Corporation, special FAA counsel in Oklahoma City, Oklahoma, substantially in the form set forth in **Exhibit G**.

(j) Certification from the Company. The Trustee shall have received a certificate or certificates signed by an Officer, dated such Aircraft Closing Date, certifying as to the correctness of each of the matters stated in Section 7.01(f).

(k) Insurance Matters. The Security Agent shall have received an insurance report of an independent insurance broker and the related certificates of insurance, each in form and substance reasonably satisfactory to the Trustee, as to the compliance with the terms of Section 7.06 of the Aircraft Security Agreement relating to insurance with respect to such Eligible Aircraft.

(l) No Proceedings. No action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the Aircraft Closing Date to set aside, restrain, enjoin or prevent the completion and consummation of the Aircraft Closing with respect to such Eligible Aircraft.

(m) Manufacturer's Consent. The Trustee shall have received an executed copy of the Manufacturer's Consent with respect to such Eligible Aircraft substantially in the form set forth in **Exhibit H**.

(n) Governmental Approvals. All appropriate action required to have been taken prior to such Aircraft Closing Date by the FAA or any governmental or political agency, subdivision or instrumentality of the United States in connection with the Aircraft Closing with respect to such Eligible Aircraft has been taken, and all orders, permits, waivers, authorizations, exemptions and

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approvals of such entities required to be in effect on such Aircraft Closing Date in connection with such Aircraft Closing have been issued.

(o) Title. The Company shall have good title to such Eligible Aircraft, free and clear of all Liens except Permitted Liens.

Promptly upon the recording of the Aircraft Security Agreement and the Aircraft Security Agreement Supplement covering such Eligible Aircraft pursuant to the Transportation Code and the receipt of appropriate and correct recording information from the FAA, the Company will cause Daugherty, Fowler, Peregrin, Haught & Jenson, a Professional Corporation, special FAA counsel in Oklahoma City, Oklahoma to deliver to the Trustee, the Security Agent and the Company an opinion as to the due recording of such instrument and the lack of filing of any intervening documents with respect to such Eligible Aircraft.

Section 7.02. Conditions Precedent to Obligations of the Company. The obligation of the Company to enter into the Aircraft Closing with respect to an Eligible Aircraft is subject to the fulfillment (or waiver by the Company) prior to or on the applicable Aircraft Closing Date of the following conditions precedent:

(a) No Changes in Law. No change shall have occurred after the date of this Indenture in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities or any court that would make it a violation of law or governmental regulations for the Company to consummate such Aircraft Closing.

(b) Documentation. The documents referred to in Section 7.01(c) shall have been duly authorized, executed and delivered by the respective party or parties thereto (other than the Company), shall (upon execution and delivery thereof by the Company) be in full force and effect and executed counterparts (or copies thereof where indicated) thereof shall have been delivered to the Company, and the Company shall have received such documents and evidence with respect to U.S. Bank, the Trustee and the Security Agent as the Company may reasonably request in order to establish the consummation of the transactions contemplated by this Indenture, the Aircraft Security Agreement, the Aircraft Security Agreement Supplement covering such Eligible Aircraft, the taking of all corporate and other proceedings in connection therewith and compliance with the conditions herein set forth.

(c) FAA Filing. The Aircraft Security Agreement and the Aircraft Security Agreement Supplement covering such Eligible Aircraft 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.

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(d) Representations and Warranties. On such Aircraft Closing Date, the following statements shall be correct: (i) the representations and warranties of U.S. Bank, the Trustee and the Security Agent in the Aircraft Security Agreement with respect to the Aircraft Closing of such Eligible Aircraft are correct in all material respects as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties are correct on and as of such earlier date), and, insofar as such representations and warranties concern U.S. Bank, the Trustee or the Security Agent, such party shall have so certified to the Company and (ii) no event has occurred and is continuing that constitutes an Event of Loss with respect to such Eligible Aircraft or would constitute an Event of Loss with respect to such Eligible Aircraft but for the requirement that notices be given or time elapse or both.

(e) Certain Opinions and Certificates. The Company shall have received each opinion referred to in Sections 7.01(h) and 7.01(i), each such opinion addressed to the Company or accompanied by a letter from the counsel rendering such opinion authorizing the Company to rely on such opinion as if it were addressed to the Company.

(f) No Proceedings. No action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency, nor shall any event or occurrence have occurred and be continuing, at such Aircraft Closing Date to set aside, restrain, enjoin or prevent, or that could have the effect of setting aside, restraining, enjoining or preventing, the completion and consummation of the Aircraft Closing with respect to such Eligible Aircraft or the release of the Pre-funded Cash Collateral Amount in full with respect to such Eligible Aircraft in accordance with Section 1.03 herein.

(g) Certification from U.S. Bank, Trustee and Security Agent. The Company shall have received a certificate from U.S. Bank in its individual capacity and as Trustee and Security Agent, as applicable, dated such Aircraft Closing Date, signed by a Responsible Officer of U.S. Bank in its individual capacity and as Trustee and Security Agent, as applicable, certifying for each such entity that no Trustee Liens or Security Agent Liens attributable to it, as applicable, exist and further certifying as to the correctness of each of the matters stated in Section 2.02 of the Aircraft Security Agreement.

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ARTICLE VIII

REPRESENTATIONS, WARRANTIES AND INDEMNITIES OF THE COMPANY

Section 8.01. Representations and Warranties of the Company. The Company represents and warrants that:

(a) Organization; Authority; Qualification. The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware, is a Certificated Air Carrier, is a Citizen of the United States, has the corporate power and authority to own or hold under lease its properties and to enter into and perform its obligations under this Indenture and the Notes, and is duly qualified to do business as a foreign corporation in good standing in each other jurisdiction in which the failure to so qualify would have a material adverse effect on the consolidated financial condition of the Company and its subsidiaries, considered as a whole, and its jurisdiction of organization (as such term is used in Article 9 of the Uniform Commercial Code as in effect in the State of Delaware) is Delaware.

(b) Corporate Action and Authorization; No Violations. The execution, delivery and performance by the Company of this Indenture and the Notes have been duly authorized by all necessary corporate action on the part of the Company, do not require any stockholder approval or approval or consent of any trustee or holder of any indebtedness or obligations of the Company, except such as have been duly obtained and are in full force and effect, and do not contravene any law, governmental rule, regulation, judgment or order binding on the Company or the certificate of incorporation or by-laws of the Company or contravene or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Operative Documents) upon the property of the Company under, any material indenture, mortgage, contract or other agreement to which the Company is a party or by which it or any of its properties may be bound or affected.

(c) Governmental Approvals. Neither the execution and delivery by the Company of this Indenture and the Notes, nor the consummation by the Company of any of the transactions contemplated hereby or thereby, requires the authorization, consent or approval of, the giving of notice to, the filing or registration with or the taking of any other action in respect of, the Department of Transportation, the FAA or any other federal or state governmental authority or agency, or the International Registry, except for (i) the filings referred to in Section 8.01(e), (ii) authorizations, consents, approvals, notices and filings required to be obtained, taken, given or made under the Securities Act, the Exchange Act, the Trust Indenture Act, or the securities or Blue Sky or similar

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laws of the various states or of any foreign or other jurisdiction, and (iii) consents, approvals, notices, registrations and other actions required to be obtained, given, made or taken only after the date hereof.

(d) Valid and Binding Agreements. This Indenture and each Note have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity and except, in the case of this Indenture, as limited by applicable laws that may affect the remedies provided in this Indenture, which laws, however, do not make the remedies provided in this Indenture inadequate for the practical realization of the rights and benefits intended to be provided thereby.

(e) Filings and Recordation. Except for, with respect to the security interests created by this Indenture, the filing of financing statements (and continuation statements at periodic intervals) under the Uniform Commercial Code of the State of Delaware, no further filing or recording of any document is necessary or advisable under the laws of the United States or any state thereof as of the Issuance Date in order to establish and perfect the security interest in the Pre-funded Collateral created under this Indenture in favor of the Trustee as against the Company and any third parties in any applicable jurisdiction in the United States.

(f) Investment Company Act. The Company is not required to be registered as an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

Section 8.02. General Indemnity.

(a) Claims Defined. For the purposes of this Section 8.02, “Claims” shall mean any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs or expenses of whatsoever kind and nature (whether or not on the basis of negligence, strict or absolute liability or liability in tort) that may be imposed on, incurred by, suffered by or asserted against an Indemnitee, as defined herein, and, except as otherwise expressly provided in this Section 8.02, shall include all reasonable out-of-pocket costs, disbursements and expenses (including reasonable out-of-pocket legal fees and expenses) of an Indemnitee in connection therewith or related thereto.

(b) Indemnitee Defined. For the purposes of this Section 8.02, “Indemnitee” means (i) U.S. Bank and the Trustee, (ii) the Security Agent, (iii) each separate or additional security agent appointed pursuant to Section 8.02 of the Aircraft Security

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Agreement, (iv) each Agent and (v) each of their respective successors and permitted assigns in such capacities, agents, servants, officers, employees and directors (the respective agents, servants, officers, employees and directors of each of the foregoing Indemnitees, as applicable, together with such Indemnitee, being referred to herein collectively as the “Related Indemnitee Group” of such Indemnitee); provided that such Persons shall, to the extent they are not signatories to this Indenture, have expressly agreed in writing to be bound by the terms of this Section 8.02 prior to, or concurrently with, the making of a Claim hereunder. If an Indemnitee fails to comply with any duty or obligation under this Section 8.02 with respect to any Claim, such Indemnitee shall not, to the extent such failure was prejudicial to the Company, be entitled to any indemnity with respect to such Claim under this Section 8.02. No holder of a Note or interest therein, in its capacity as such holder of such Note or interest therein, shall be an Indemnitee for purposes hereof.

(c) Claims Indemnified. Subject to the exclusions stated in Section 8.02(d), the Company agrees to indemnify, protect, defend and hold harmless on an After-Tax Basis each Indemnitee against Claims resulting from or arising out of the ownership, possession, use, non-use, substitution, airworthiness, control, maintenance, repair, operation, registration, re-registration, condition, sale, lease, sublease, storage, modification, alteration, return, transfer or other disposition of any Aircraft, any Airframe, any Engine or any Part (including, without limitation, latent or other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement) by the Company, any Permitted Lessee or any other Person. Without limiting the foregoing and subject to, and without duplication of, the provisions of Section 8.01(a), the Company agrees to pay the reasonable ongoing fees, and the reasonable out-of-pocket costs and expenses of the Trustee (including, without limitation, reasonable attorney’s fees and disbursements and, to the extent payable as provided in this Indenture, reasonable compensation and expenses of the Trustee’s agents, including the Security Agent, the Registrar and the Paying Agent) in connection with the transactions contemplated hereby.

(d) Claims Excluded. The following are excluded from the Company’s agreement to indemnify an Indemnitee under this Section 8.02:

(i) any Claim with respect to any Aircraft, Airframe, Engine or Part to the extent such Claim is attributable to acts or events occurring after (A) the Lien of the Aircraft Security Agreement has been discharged with respect to the same or (B) the transfer of possession of the same pursuant to Article IV of the Aircraft Security Agreement except to the extent that such Claim is attributable to acts occurring in connection with the exercise of remedies pursuant to Section 4.02 of the Aircraft Security Agreement with respect to the same following the occurrence and continuance of an Event of Default; provided that nothing in this clause (i) shall be deemed to release the Company from any of its obligations

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under the Operative Documents that expressly provide for performance after the termination of the Aircraft Security Agreement;

(ii) any Claim to the extent such Claim is, or is attributable to, a Tax (or loss of any Tax benefit), except with respect to paying any indemnity on an After-Tax Basis;

(iii) any Claim to the extent such Claim is attributable to the negligence or willful misconduct of such Indemnitee or such Indemnitee's Related Indemnitee Group;

(iv) any Claim to the extent such Claim is attributable to the noncompliance by such Indemnitee or such Indemnitee's Related Indemnitee Group with any of the terms of, or any misrepresentation by an Indemnitee or its Related Indemnitee Group contained in, this Indenture or any other Operative Document to which such Indemnitee or any of such Related Indemnitee Group is a party or any agreement relating hereto or thereto;

(v) any Claim to the extent such Claim constitutes a Permitted Lien attributable to such Indemnitee;

(vi) any Claim to the extent such Claim is attributable to the offer, sale, assignment, transfer, participation or other disposition of any Note, all or any part of such Indemnitee's interest in the Operative Documents or any interest in the Collateral or any similar security (whether voluntary or involuntary) by or on behalf of such Indemnitee or its Related Indemnitee Group other than during the occurrence and continuance of an Event of Default (provided that any such offer, sale, assignment, transfer, participation or other disposition during the occurrence and continuation of an Event of Default shall not be subject to indemnification unless it is made in accordance with this Indenture and applicable law);

(vii) any Claim to the extent such Claim is attributable to (A) a failure on the part of the Trustee, Paying Agent or other Agent to distribute in accordance with this Indenture or any other Operative Document any amounts received and distributable by it hereunder or thereunder, or (B) a failure on the part of the Security Agent to distribute in accordance with the Aircraft Security Agreement or any other Operative Document any amounts received and distributable by it thereunder;

(viii) any Claim to the extent such Claim is attributable to the authorization or giving or withholding of any future amendments, supplements, waivers or consents with respect to any Operative Document, other than such as have been requested by the Company or that occur as the result of an Event of

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Default, or such as are expressly required or contemplated by the provisions of the Operative Documents;

(ix) any Claim to the extent such Claim is (A) paid by the Company pursuant to any indemnification, compensation or reimbursement provision of any other Operative Document (without duplication of any payment obligation of the Company) or (B) payable or borne by a Person other than the Company pursuant to any provision of any Operative Document;

(x) any Claim to the extent such Claim is an ordinary and usual operating or overhead expense;

(xi) any Claim to the extent such Claim is incurred on account of or asserted as a result of any “prohibited transaction” within the meaning of Section 406 of ERISA or Section 4975 of the Code; and

(xii) any Claim to the extent such Claim is attributable to the offer or sale by an Indemnitee (or any member of such Indemnitee’s Related Indemnitee Group) of any interest in any Aircraft, the Notes, or any similar interest, in violation of the Securities Act or other applicable federal, state or foreign securities laws (other than any thereof caused by acts or omissions of the Company or any of its affiliates).

(e) Insured Claims. In the case of any Claim indemnified by the Company hereunder that is covered by a policy of insurance maintained by the Company, each Indemnitee agrees to cooperate, at the Company’s expense, with the insurers in the exercise of their rights to investigate, defend or compromise such Claim.

(f) Claims Procedure. An Indemnitee shall promptly notify the Company of any Claim as to which indemnification is sought; provided that the failure to provide such prompt notice shall not release the Company from any of its obligations to indemnify hereunder, except to the extent that the Company is prejudiced by such failure or the Company’s indemnification obligations are increased as a result of such failure. Such Indemnitee shall promptly submit to the Company all additional information in such Indemnitee’s possession to substantiate such request for payment to the Company as the Company shall reasonably request. Subject to the rights of insurers under policies of insurance maintained by the Company, the Company shall have the right, at its sole cost and expense, to investigate, and the right in its sole discretion to defend or compromise, any Claim for which indemnification is sought under this Section 8.02, and, at the Company’s expense, the Indemnitee shall cooperate with all reasonable requests of the Company in connection therewith. Such Indemnitee shall not enter into a settlement or other compromise with respect to any Claim without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed, unless such

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Indemnitee waives its right to be indemnified with respect to such Claim under this Section 8.02. Where the Company or the insurers under a policy of insurance maintained by the Company undertake the defense of an Indemnitee with respect to a Claim, no additional legal fees or expenses of such Indemnitee in connection with the defense of such Claim shall be indemnified hereunder unless such fees or expenses were incurred at the written request of the Company or such insurers. Subject to the requirements of any policy of insurance, an Indemnitee may participate at its own expense in any judicial proceeding controlled by the Company pursuant to the preceding provisions; provided that such party's participation does not, in the opinion of the counsel appointed by the Company 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 8.02. Notwithstanding anything to the contrary contained herein, the Company shall not under any circumstances be liable for the fees and expenses of more than one counsel for all Indemnitees.

(g) Subrogation. To the extent that a Claim indemnified by the Company under this Section 8.02 is in fact paid in full by the Company or an insurer under a policy of insurance maintained by the Company, the Company or such insurer, as the case may be, shall, without any further action, be subrogated to the rights and remedies of the Indemnitee on whose behalf such Claim was paid with respect to the transaction or event giving rise to such Claim. Such Indemnitee shall give such further assurances or agreements and shall cooperate with the Company or such insurer, as the case may be, to permit the Company or such insurer to pursue such rights and remedies, if any, to the extent reasonably requested by the Company. So long as no Event of Default shall have occurred and be continuing, if an Indemnitee receives any payment from any party other than the Company or its insurers, in whole or in part, with respect to any Claim paid by the Company or its insurers hereunder, it shall promptly pay over to the Company the amount received (but not an amount in excess of the amount the Company or any of its insurers has paid in respect of such Claim). Any amount referred to in the preceding sentence that is payable to the Company shall not be paid to the Company, or, if it has been previously paid directly to the Company, shall not be retained by the Company, if at the time of such payment an Event of Default shall have occurred and be continuing, but, in the case of any Indemnitee other than the Security Agent receiving such amount, shall be paid to and held by the Trustee as security for the obligations of the Company under this Indenture and the other Operative Documents, in the case of the Security Agent receiving such amount, shall be held or distributed by the Security Agent in accordance with the Aircraft Security Agreement, and, if the Company agrees, shall be applied against the Company's obligations hereunder and thereunder when and as they become due and payable and, at such time as there shall not be continuing any such Event of Default, such amount, to the extent not previously so applied against the Company's obligations, shall be paid to the Company.

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(h) No Guaranty. Nothing set forth in this Section 8.02 shall constitute a guarantee by the Company that an Aircraft shall at any time have any particular value, useful life or residual value.

(i) Payments; Interest. Any amount payable to any Indemnitee pursuant to this Section 8.02 shall be paid within 30 days after receipt by the Company of a written demand therefor from such Indemnitee accompanied by a written statement describing in reasonable detail the Claims that are the subject of and basis for such indemnity and the computation of the amount payable. Any payments made pursuant to this Section 8.02 directly to an Indemnitee or to the Company, as the case may be, shall be made in immediately available funds at such bank or to such account as is specified by the payee in written directions to the payor or, if no such directions shall have been given, by check of the payor payable to the order of the payee and mailed to the payee by certified mail, return receipt requested, postage prepaid to its address referred to in Section 13.05. To the extent permitted by applicable law, interest at the Past Due Rate shall be paid, on demand, on any amount or indemnity not paid when due pursuant to this Section 8.02 until the same shall be paid. Such interest shall be paid in the same manner as the unpaid amount in respect of which such interest is due.

ARTICLE IX

REPRESENTATIONS, WARRANTIES AND COVENANTS OF U.S. BANK

Section 9.01. Representations, Warranties and Covenants of U.S. Bank. U.S. Bank, generally, and the Trustee, as it relates to it, represents, warrants and covenants that:

(a) Organization; Authority. U.S. Bank is a national banking association duly organized and validly existing in good standing under the laws of the United States, is eligible to be the Trustee under Section 5.11 of this Indenture, will promptly comply with Section 5.11 of this Indenture and has full power, authority and legal right to enter into and perform its obligations under each of the Operative Documents to which U.S. Bank or the Trustee is a party and, in its capacity as Trustee, to authenticate the Notes. U.S. Bank is qualified to act as Trustee under Section 5.11 of this Indenture. U.S. Bank is a Citizen of the United States (without the use of a voting trust agreement), and will resign as the Trustee under this Indenture promptly after it obtains actual knowledge that it has ceased to be such a Citizen of the United States.

(b) Due Authorization; No Violations. The execution, delivery and performance by U.S. Bank, individually or in its capacity as Trustee, of this Indenture and each of the other Operative Documents to which U.S. Bank or the Trustee is a party, the performance by U.S. Bank, individually or in its capacity as

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Trustee, of its obligations thereunder and the consummation on the Issuance Date, as the case may be, of the transactions contemplated hereby and thereby, and the authentication of the Notes to be delivered on the Issuance Date: (i) have been duly authorized by all necessary action on the part of U.S. Bank or the Trustee, as the case may be, (ii) and do not violate any law or regulation of the United States or of the state of the United States in which U.S. Bank is located and which governs the banking and trust powers of U.S. Bank or any order, writ, judgment or decree of any court, arbitrator or governmental authority applicable to U.S. Bank or the Trustee or any of their assets, (iii) will not violate any provision of the articles of association or by-laws of U.S. Bank and (iv) will not violate any provision of, or constitute a default, or result in the creation or imposition of any lien on any properties included in the Pre-funded Collateral, under any mortgage, indenture, contract, agreement or undertaking to which any of U.S. Bank or the Trustee is a party or by which any of them or their respective properties may be bound or affected.

(c) Approvals. Neither the execution and delivery by U.S. Bank, individually or in its capacity as Trustee, of this Indenture or any other Operative Document to which U.S. Bank or the Trustee is a party, nor the consummation by U.S. Bank or the Trustee of any of the transactions contemplated hereby or thereby, requires the authorization, consent or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, (i) any governmental authority or agency of the United States or the state of the United States where U.S. Bank is located and regulating the banking and trust powers of U.S. Bank, or (ii) any trustee or other holder of any debt of U.S. Bank.

(d) Valid and Binding Agreements. This Indenture and each other Operative Document to which U.S. Bank or the Trustee is a party have been duly executed and delivered by U.S. Bank, individually and in its capacity as Trustee, and constitute the legal, valid and binding obligations of U.S. Bank and the Trustee, to the extent it is a party thereto, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

(e) No Trustee Liens. It unconditionally agrees with and for the benefit of the parties to this Indenture that it will not directly or indirectly create, incur, assume or suffer to exist any Trustee Lien attributable to it, and it agrees that it will, at its own cost and expense, promptly take such action as may be necessary to discharge and satisfy in full any such Lien.

(f) Funds Transfer Fees. Each of U.S. Bank and the Trustee agrees that it will not impose any lifting charge, cable charge, remittance charge or any

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other charge or fee on any transfer by the Company of funds to, through or by U.S. Bank or the Trustee pursuant to this Indenture or any other Operative Document, except as may be otherwise agreed to in writing by the Company.

(g) [Reserved].

(h) Certain Tax Matters. There are no Taxes payable by U.S. Bank and the Trustee imposed by the Commonwealth of Massachusetts or any political subdivision or taxing authority thereof in connection with the execution, delivery or performance by U.S. Bank or the Trustee of any Operative Document (other than franchise or other taxes based on or measured by any fees or compensation received by any such Person for services rendered in connection with the transactions contemplated by the Operative Documents).

(i) Limitation on Situs of Activities. Except with the consent of the Company, which shall not be unreasonably withheld: U.S. Bank will act as Trustee solely through its offices within the Commonwealth of Massachusetts, except for such services as may be performed for it by independent agents in the ordinary course of business, but not directly by it, in other states.

(j) No Proceedings. There are no pending or, to its knowledge, threatened actions or proceedings against the U.S. Bank or the Trustee before any court or administrative agency which individually or in the aggregate, if determined adversely to it, would materially adversely affect the ability of U.S. Bank or the Trustee to perform its obligations under any Operative Document.

ARTICLE X

OTHER COVENANTS AND AGREEMENTS; PAYMENT OF NOTES

Section 10.01. Other Agreements.

(a) Fees and Expenses. Without limiting Section 5.08, the Company agrees promptly to pay (without duplication of any other obligation the Company may have to pay such amounts) the following expenses incurred by the Trustee and the Security Agent in connection with the negotiation, preparation, execution and delivery of this Indenture, the other Operative Documents and the other documents or instruments referred to herein or therein:

(i) the reasonable fees, expenses and disbursements of (A) Shipman & Goodwin LLP, special counsel for the Trustee and the Security Agent, and (B) Daugherty, Fowler, Peregrin, Haught & Jenson, a Professional Corporation,

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special FAA counsel in Oklahoma City, Oklahoma, in each case to the extent actually incurred; and

(ii) all reasonable expenses actually incurred in connection with printing and document production or reproduction expenses, and in connection with the filing of Uniform Commercial Code financing statements.

(b) Quiet Enjoyment. Each of U.S. Bank, the Trustee, the Security Agent and each Noteholder agrees that, unless an Event of Default shall have occurred and be continuing, it shall not (and shall not permit any Affiliate or other Person claiming by, through or under it to) take any action contrary to, or otherwise in any way interfere with or disturb (and then only in accordance with this Indenture), the quiet enjoyment of the use and possession of any Aircraft, any Airframe, any Engine or any Part by the Company or any transferee of any interest in any thereof permitted under this Indenture or the Aircraft Security Agreement.

(c) Cooperation. The Trustee will cooperate with the Company in connection with the filing and re-filing of any financing statements or other documents as are necessary to maintain the perfection of this Indenture or otherwise protect the security interests created hereby.

Section 10.02. Certain Covenants of the Company. The Company covenants and agrees with the Trustee as follows:

(a) Further Assurances. On and after the Issuance Date, the Company will cause to be done, executed, acknowledged and delivered such further acts, conveyances and assurances as the Trustee shall reasonably request for accomplishing the purposes of this Indenture and the other Operative Documents; provided that any instrument or other document so executed by the Company will not expand any obligations or limit any rights of the Company in respect of the transactions contemplated by the Operative Documents.

(b) [Reserved].

(c) Maintenance of Filings. The Company, at its expense, will take, or cause to be taken, such action with respect to the due and timely recording, filing, re-recording and re-filing of any financing statements and any continuation statements or other instruments as are necessary to maintain, so long as this Indenture is in effect, the perfection of the security interests created by this Indenture or will furnish the Trustee timely notice of the necessity of such action, together with such instruments, in execution form, and such other information as may be required to enable the Trustee to take such action. In addition, the Company will pay any and all recording, stamp and other similar taxes payable in the United States, in connection with the execution, delivery, recording,

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filing, re-recording and re-filing of any such financing statements or other instruments. The Company will notify the Trustee of any change in its jurisdiction of organization (as such term is used in Article 9 of the Uniform Commercial Code as in effect in the State of Delaware) promptly after making such change or in any event within the period of time necessary under applicable law to prevent the lapse of perfection (absent re-filing) of financing statements filed under the Operative Documents.

(d) Maintenance of Corporate Existence. The Company shall at all times maintain its corporate existence except as permitted by Section 10.02(e).

(e) Merger; Consolidation; Transfer of Substantially All Assets. The Company shall not consolidate with or merge into any other Person or convey, transfer or lease substantially all of its assets as an entirety to any Person, unless:

(i) the Person formed by such consolidation or into which the Company is merged or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall (A) be organized and validly existing under the laws of the United States of America or any state thereof or the District of Columbia, (B) if and to the extent required under Section 1110 in order that the Trustee shall continue to be entitled to any benefits of Section 1110 with respect to any Aircraft, be a Citizen of the United States and a Certificated Air Carrier, and (C) execute and deliver to the Trustee an agreement containing the express assumption by such successor Person of the due and punctual performance and observance of each covenant and condition of the Operative Documents to which the Company is a party to be performed or observed by the Company;

(ii) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing; and

(iii) the Company shall have delivered to the Trustee a certificate signed by an Officer, and an opinion of counsel (which may be the Company's General Counsel or such other internal counsel to the Company as shall be reasonably satisfactory to the Trustee), each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (i) above comply with this Section 10.02(e) and that all conditions precedent herein provided relating to such transaction have been complied with (except that such opinion need not cover the matters referred to in clause (ii) above and may rely, as to factual matters, on a certificate of an Officer of the Company) and, in the case of such opinion, that such assumption agreement has been duly authorized, executed and delivered by such successor Person and is

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enforceable against such successor Person in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Company as an entirety in accordance with this Section 10.02(e), the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and the other Operative Documents with the same effect as if such successor Person had been named as the Company herein. If any Aircraft is at the time registered with the FAA, at the time of, or promptly following, any such consolidation or merger, such Person will make such filings and recordings with the FAA pursuant to the Transportation Code and registration under the Cape Town Treaty as shall be necessary to evidence such consolidation or merger. If any Aircraft is at the time not registered with the FAA, at the time of, or promptly following, any such consolidation or merger, such Person will make such filings and recordings with the applicable aviation authority as shall be necessary to evidence such consolidation or merger, and if the Person formed by such consolidation or into which the Company is merged is located in a "Contracting State" (as such term is used in the Cape Town Treaty), at the time of, or promptly following, any such consolidation or merger, such Person will also make such registration under the Cape Town Treaty as shall be necessary to evidence such consolidation or merger.

(f) Additional Information. Promptly after the occurrence of an Event of Default set forth in Section 4.01(f), (g), (h) or (i) of this Indenture or an Event of Default resulting from the failure of the Company to make payments on any Note, and on any Payment Date while any such Event of Default shall be continuing, the Company will, at the Trustee's request from time to time but in any event no more frequently than once every three months, provide to the Trustee a statement setting forth the following information with respect to any Aircraft: (A) whether such Aircraft is currently in service or parked in storage, (B) the maintenance status of such Aircraft, and (C) the location of any Engines.

Section 10.03. Financial Information.

(a) Certain Information Pursuant to the Exchange Act. The Company shall file with the Trustee, within 30 days after the Company is required to file the same with the SEC, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) that the Company may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company

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is not required to file information, documents, or reports pursuant to either of said sections, then to file with the Trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such of the supplementary and periodic information, documents, and reports that may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) Certain Reports. So long as any of the Secured Obligations remain unpaid, the Company agrees to furnish to the Trustee: (i) within 60 days after the end of each of the first three quarterly periods in each fiscal year of the Company, either (A) a consolidated balance sheet of the Company and its consolidated subsidiaries prepared by it as of the close of such period, together with the related consolidated statements of income for such period, or (B) a report of the Company on Form 10-Q in respect of such period in the form filed with the SEC; (ii) within 120 days after the close of each fiscal year of the Company, either (A) a consolidated balance sheet of the Company and its consolidated subsidiaries as of the close of such fiscal year, together with the related consolidated statements of income for such fiscal year, certified by independent public accountants, or (B) a report of the Company on Form 10-K in respect of such year in the form filed with the SEC and (iii) within 60 days of the filing thereof, a copy of any Current Report on Form 8-K filed by the Company with the SEC. The items required to be furnished pursuant to clauses (i), (ii) and (iii) above shall be deemed to have been furnished on the date on which such item is posted on the SEC's website at www.sec.gov, and such posting shall be deemed to satisfy the requirements of clauses (i), (ii) and (iii).

(c) No Default Certificate. The Company shall deliver to the Trustee, within 120 days after the end of each calendar year, a certificate signed by the Company's principal executive officer, principal financial officer or principal accounting officer (which certificate need not comply with Section 11.03 or Section 11.04 hereof) stating that to his or her knowledge during such preceding calendar year no Default or Event of Default has occurred (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge).

Section 10.04. Payment of Notes. The Company shall pay the principal of, interest on, and Make-Whole Amount, if any, with respect to, the Notes on the dates and in the manner provided in this Indenture and in the Notes. The Company will, on or before 12:30 p.m. (New York City time) on each due date for the payment of the principal of, interest on, or Make-Whole Amount, if any, due under any of the Notes, deposit with the Trustee at the Corporate Trust Office by wire transfer of immediately available funds, in Dollars, payments sufficient to pay the principal, interest, or Make-Whole Amount, if any, so becoming due.

The principal of, interest on, Make-Whole Amount, if any, and other amounts due under any of the Notes or hereunder will be deemed to be paid in full on the applicable

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due date if the Trustee holds, on such due date, monies or securities sufficient to pay all such amounts. The Trustee will make funds required to be distributed pursuant to Section 3.01, 3.02 or 3.03 hereof, as applicable, available to the Paying Agent for such distribution. The Paying Agent shall distribute amounts payable to (i) each Noteholder by check mailed to such Noteholder at its address appearing in the Register, except that with respect to Notes registered on the applicable Record Date in the name of a Clearing Agency (or its nominee), such distribution shall be made by wire transfer in immediately available funds to the account designated by such Clearing Agency (or such nominee) and (ii) any other Person by check at the address of such Person determined pursuant to Section 13.05, unless such Person, by giving a notice to the Paying Agent in accordance with Section 13.05, shall have specified an account maintained by such Person with a bank located in the continental United States, in which case the Paying Agent will use reasonable efforts to pay or cause to be paid by transferring, or causing to be transferred, by wire transfer of immediately available funds in Dollars, the amount to be distributed to such Person, for credit to the account of such Person maintained at such bank. The Company shall not have any responsibility for the distribution of such payments to any Noteholder or any other Person. Except as otherwise provided in Section 2.23, Section 2.24 and Section 4.08, any payment made hereunder shall be made without any presentment or surrender of any Notes, except that, in the case of the final payment in respect of any Note, such Note shall be surrendered to the Paying Agent for cancellation against receipt of such payment.

Section 10.05. Maintenance of Office or Agency. The Company shall maintain in the Borough of Manhattan, The City of New York, an office or agency where Notes may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. At the request of the Company, said office or agency may be an office of the Trustee or an agent appointed by the Trustee for such purpose. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency not designated or appointed by the Trustee. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. The

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Company hereby designates the Corporate Trust Office of the Paying Agent as one such office or agency of the Company in accordance with Section 2.08 hereof.

ARTICLE XI

CERTAIN OPINIONS, CERTIFICATES AND APPRAISALS

Section 11.01. Opinions as to Effectiveness and Perfection of Certain Liens.

(a) When the Provisions of This Section 11.01 Apply. The provisions of this Section 11.01 shall apply from and after the time this Indenture is qualified under the TIA.

(b) Opinion of Counsel in Connection with Entering into the Aircraft Security Agreement. The Company shall furnish to the Trustee promptly after the execution and delivery of the Aircraft Security Agreement an Opinion of Counsel stating that in the opinion of such counsel the Aircraft Security Agreement has been properly recorded and filed so as to make effective the Lien intended to be created thereby and reciting the details of such actions, or stating that, in the opinion of such counsel, no such action is necessary to make such Lien effective.

(c) Annual Opinions of Counsel. The Company shall furnish to the Trustee not later than 120 days after January 1 in each year beginning with January 1, 2010, an Opinion of Counsel, dated on or after each such January 1 and prior to the date of delivery, either (a) stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording, and re-filing of this Indenture, the Aircraft Security Agreement, any amendment or supplement thereto, and all financing statements, continuation statements or other instruments of further assurance as is necessary to maintain the Liens created by this Indenture and, after the Aircraft Security Agreement is entered into, by the Aircraft Security Agreement (in each case, if not then terminated pursuant to its terms) and reciting the details of such action, or (b) stating that, in the opinion of such counsel, no such action is necessary to maintain such Liens.

Section 11.02. Disposition, Substitution and Release of Collateral. The following provisions shall apply from and after the time this Indenture is qualified under the TIA:

(a) Pre-funded Cash Collateral Amounts and Earnings Thereon. The Pre-funded Cash Collateral Amount to be released in connection with any Aircraft Closing, and any investment earnings, interest and other amounts and property credited to the Pre-funded Collateral Account to be released in connection with the final Aircraft Closing, shall be released from the Lien of this Indenture upon satisfaction of the conditions to such release specified in this Indenture and upon delivery to the Trustee of a certificate of an engineer, appraiser or other expert

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stating, in the opinion of such Person, (i) the fair value to the Company of the Eligible Aircraft to be subjected to the Lien of the Aircraft Security Agreement at such Aircraft Closing; (ii) the fair value of the amount to be released from the Pre-funded Collateral in connection with such Aircraft Closing; and (iii) that the release by the Trustee of such amount will not impair the security under this Indenture in contravention of the provisions hereof; provided that, with respect to the matters described in clauses (ii) and (iii) of this sentence, (x) such certificate shall be prepared by an Independent engineer, appraiser or other expert if the fair value of all property and securities released since the commencement of the then current calendar year, as set forth in the certificates required by Section 314(d)(1) of the TIA, is 10% or more of the aggregate principal amount of the Notes at the time Outstanding, but (y) such certificate of an Independent engineer, appraiser or other expert shall not be required in the case of any release of property if the fair value thereof as set forth in the certificate required by this paragraph (a) is less than \$25,000 or less than 1% of the aggregate principal amount of the Notes at the time Outstanding.

(b) Parts. Any Parts and alterations, improvements and modifications in or additions to any Aircraft shall, to the extent required or specified by the Aircraft Security Agreement, become subject to the Lien of the Aircraft Security Agreement; provided that, to the extent permitted by and as provided in the Aircraft Security Agreement, the Company shall have the right, at any time and from time to time, without any release from or consent by the Trustee or the Security Agent, to remove, replace and pool Parts and to make alterations, improvements and modifications in, and additions to, any Aircraft. The Trustee agrees that, to the extent permitted by and as provided in the Aircraft Security Agreement, title to any such removed or replaced Part shall vest in the Company. The Trustee shall cause the Security Agent from time to time to execute an appropriate written instrument or instruments to confirm the release of the security interest of the Security Agent in any Part as provided in Section 7.04 of the Aircraft Security Agreement, in each case upon receipt by the Security Agent of a Request stating that such action was duly taken by the Company in conformity with such Section 7.04 and that the execution of such written instrument or instruments is appropriate to evidence such release of a security interest under such Section 7.04.

(c) Substitution under the Aircraft Security Agreement upon an Event of Loss Occurring to an Airframe or Engines or upon Substitution of an Engine. Upon (i) the occurrence of an Event of Loss occurring to any Airframe or Engine, or (ii) a substitution of an Engine, the Company may, in the case of an Event of Loss which has occurred to an Airframe, or shall, in the case of an Event of Loss which has occurred to or substitution with respect to an Engine, substitute an

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airframe or engine, as the case may be, in which case, upon satisfaction of all conditions to such substitution specified in Section 7.05 of the Aircraft Security Agreement and the additional conditions specified in Section 11.02(d), if applicable, the Trustee shall cause the Security Agent to execute and deliver the applicable release documents described in Section 7.05 of the Aircraft Security Agreement.

(d) Release Certificate. The Security Agent's release of all of its right, interest and lien in and to an Airframe or Engine, as provided for in Section 11.02(c), shall be subject to the condition that the Security Agent shall have received (i) a certificate of an engineer, appraiser or other expert stating the fair value to the Company of the airframe or engine to be substituted for such Airframe or Engine; provided that (x) such certificate shall be prepared by an Independent engineer, appraiser or other expert if within six months prior to the date of acquisition of such airframe or engine by the Company, such airframe or engine has been used or operated by a Person or Persons other than the Company, in a business similar to that in which such Airframe or Engine, as the case may be, has been or is to be operated by the Company, but (y) such certificate of an Independent engineer, appraiser or other expert shall not be required in the case of any such substitution if the fair value to the Company of the airframe or engine to be so substituted as set forth in the certificate required by this clause (i) is less than \$25,000 or less than 1% of the aggregate principal amount of the Notes at the time Outstanding; and (ii) a certificate of an engineer, appraiser or other expert as to the fair value of such Airframe or Engine, as the case may be, to be released from the Lien of the Aircraft Security Agreement and stating that in the opinion of such Person the proposed release will not impair the security under the Aircraft Security Agreement in contravention of the provisions thereof; provided that (x) such certificate shall be prepared by an Independent engineer, appraiser or other expert if the fair value of such Airframe or Engine, as the case may be, to be released from the lien of the Aircraft Security Agreement and of all other property and securities released since the commencement of the then current calendar year, as set forth in the certificates required by Section 314(d)(1) of the TIA, is 10% or more of the aggregate principal amount of the Notes at the time Outstanding, but (y) such certificate of an Independent engineer, appraiser or other expert shall not be required in the case of any such release of an Airframe or Engine if the fair value of such Airframe or Engine as set forth in the certificate required by this clause (ii) is less than \$25,000 or less than 1% of the aggregate principal amount of the Notes at the time Outstanding.

(e) General. The release of any portion of the Collateral from the terms of this Indenture or the Aircraft Security Agreement, as the case may be, will not be deemed to impair the security under this Indenture or the Aircraft

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Security Agreement in contravention of the provisions hereof or thereof if and to the extent such portion of the Collateral is released pursuant to the terms of this Indenture or the Aircraft Security Agreement. To the extent applicable and not otherwise provided for in this Section 11.02, the Company shall cause TIA Section 314(d) relating to the release of property or securities from the Lien of this Indenture or the Aircraft Security Agreement, and relating to the substitution therefor of any property or securities to be subjected to the Lien of this Indenture or the Aircraft Security Agreement, as applicable, to be complied with.

Section 11.03. Certificate and Opinion as to Conditions Precedent. From and after the time this Indenture is qualified under the TIA, upon any Request or application by the Company to the Trustee to take any action under this Indenture or another Operative Document, the Company shall furnish to the Trustee:

(a) an Officer's Certificate stating that, in the opinion of the signer, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with;

provided that in the case of any such application or Request as to which the furnishing of such documents is specifically required by any provision of this Indenture or another Operative Document relating to such particular application or Request, no additional certificate or opinion, as the case may be, need be furnished.

Section 11.04. Statements Required in Certificate or Opinion.

(a) When the Provisions of This Section 11.04 Apply. The provisions of this Section 11.04 shall apply from and after the time this Indenture is qualified under the TIA.

(b) General. Each Officer's Certificate or Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Indenture shall include, to the extent required by the Trustee or the Security Agent:

(i) a statement that each person making such Officer's Certificate or Opinion of Counsel has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Officer's Certificate or Opinion of Counsel are based;

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(iii) a statement that, in the opinion of each such Person, such examination or investigation has been made as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement that, in the opinion of such Person, such covenant or condition has been complied with.

(c) Certain Specific Requirements. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer of the Company or an engineer, insurance broker, accountant or other expert may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer, engineer, insurance broker, accountant or other expert knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations as to such matters are erroneous.

Any certificate or opinion of an Officer of the Company or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ of the Company, unless such officer or counsel, as the case may be, knows, or in the exercise of reasonable care should know, that the certificate or opinions or representations as to such accounting matters are erroneous.

Wherever in this Indenture or another Operative Document in connection with any application, certificate or report to the Trustee or the Security Agent it is provided that the Company shall deliver any document as a condition of the granting of such application or as evidence of the Company's compliance with any term hereof, it is intended that the truth and accuracy at the time of the granting of such application or at the effective date of such certificate or report, as the case may be, of the facts and opinions stated in such document shall in each such case be a condition precedent to the

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right of the Company to have such application granted or to the sufficiency of such certificate or report. Nevertheless, in the case of any such application, certificate or report, any document required by any provision of this Indenture or another Operative Document to be delivered to the Trustee or the Security Agent as a condition of the granting of such application or as evidence of such compliance may be received by the Trustee or the Security Agent as conclusive evidence of any statement therein contained and shall be full warrant, authority and protection to the Trustee or the Security Agent acting on the faith thereof.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture or another Operative Document, such Person may, but need not, consolidate such instruments into one.

ARTICLE XII

AMENDMENTS AND WAIVERS

Section 12.01. Amendments Without Consent of Noteholders. At any time after the date hereof, the Company may and the Trustee shall, at the Company's request, enter into, and/or cause the Security Agent to enter into, one or more amendments or supplements to this Indenture, the Notes or any other Operative Document without notice to or consent of any Noteholder:

(i) to evidence the succession of another Person to the Company and to provide for the assumption by such successor Person of the Company's obligations under this Indenture, the Notes and any other Operative Documents in the case of any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Company as an entirety to any Person in accordance with Section 10.02(e) of this Indenture;

(ii) to add to the covenants of the Company for the benefit of the Noteholders, the Trustee or the Security Agent, or to surrender any right or power conferred upon the Company in this Indenture, the Notes, or any other Operative Document;

(iii) to comply with any requirement of the SEC or of any other regulatory body, or to comply with any applicable law, rules, or regulations of or relating to any exchange or quotation system on which any Notes are listed (or to facilitate any listing of any Notes on any exchange or quotation system);

(iv) to comply with any requirement of the SEC or otherwise to extent necessary in connection with, or to continue, the qualification of this Indenture or

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any other agreement under the TIA or under any similar U.S. federal statute or to add provisions permitted in the TIA;

(v) to add or change any of the provisions of this Indenture or any other Operative Document as necessary or advisable to obtain credit ratings on the Notes; provided that no such addition or change shall materially adversely affect the interest of any Noteholder, as evidenced solely by the delivery of an Officer's Certificate;

(vi) to comply with any requirements of DTC, Euroclear, Clearstream or any other domestic or international clearing system, or of the Trustee with respect to the provisions of this Indenture, the Notes or any other Operative Document relating to transfers and exchanges of the Notes or beneficial interests therein, or to include on the Notes any legend as may be required by law or as may otherwise be necessary or advisable;

(vii) to provide for any successor Trustee with respect to the Notes or any successor or additional Security Agent with respect to the Aircraft Security Agreement, or to add to or change any of the provisions of this Indenture or Aircraft Security Agreement as shall be necessary or advisable to provide for or facilitate the administration of the trusts hereunder or thereunder, as the case may be, by more than one Trustee or Security Agent, respectively;

(viii) to provide for the delivery of Notes or any amendment or supplement to this Indenture, the Notes or any other Operative Document in or by means of any computerized, electronic, or other medium, including computer diskette;

(ix) to provide for the guarantee by the Parent or another entity of this Indenture, of the Notes or any other Operative Document, and to make appropriate provisions in respect of such guarantor;

(x) to correct, supplement or amplify the description of the Collateral, or convey, transfer, assign, mortgage or pledge any property to or with the Trustee or the Security Agent;

(xi) to cure any ambiguity, or correct any mistake, defect or inconsistency; and

(xii) to make any other change not inconsistent with the provisions of such Operative Document, provided that such action does not materially adversely affect the interests of any Noteholder.

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Section 12.02. Amendments and Waivers With Consent of the Noteholders. With respect to any amendment or supplement of this Indenture or any other Operative Document not contemplated by Section 12.01 hereof, the Company and the Trustee and/or the Security Agent, as the case may be, may amend or supplement this Indenture, the Notes and the other Operative Documents, in each case with the written consent of a Majority in Interest of Noteholders. Subject to Section 4.02, Section 4.05 and Section 5.01(d) hereof, whether before or after Event of Default has occurred and is continuing, a Majority in Interest of Noteholders may authorize the Trustee (who may authorize the Security Agent) to, and the Trustee (or Security Agent) upon such authorization shall, waive compliance by the Company with any provision of this Indenture, the Notes or the other Operative Documents. However, an amendment or supplement to, or waiver of any provision in, this Indenture, any Note or, in the case of clause (viii) below, the Aircraft Security Agreement, including a waiver pursuant to any provision of Section 4.05 hereof, may not, without the consent of each Noteholder affected:

- (i) reduce the amount of Notes whose Noteholders must consent to an amendment, supplement or waiver;
- (ii) reduce the rate or change the time for payment of interest on any Note;
- (iii) reduce the amount or change the time for payment of principal or redemption price of or Make-Whole Amount, if any, with respect to (in each case, whether on redemption or otherwise) any Note;
- (iv) change the place of payment where, or the coin or currency in which, any Note (or the redemption price thereof), interest thereon, or Make-Whole Amount, if any, with respect thereto is payable;
- (v) change the priority of distributions and application of payments as described in Sections 3.01, 3.02 or 3.03 of this Indenture in a manner materially adverse to the Noteholders;
- (vi) subject to Section 4.06, impair the right of any Noteholder to institute suit for the enforcement of any amount payable on any Note when due;
- (vii) waive a default in the payment of the principal of, interest on, or Make-Whole Amount, if any, with respect to any Note; or

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(viii) create any Lien with respect to any part of the Collateral prior to or *pari passu* with the Lien thereon pursuant to this Indenture or the Aircraft Security Agreement, as applicable, except as permitted hereby or thereby or deprive the Trustee or the Security Agent of the benefit of the Lien on the Collateral created hereby or thereby except as permitted hereby or thereby.

Section 12.03. Trustee to Sign Amendments, etc. Upon the Request of the Company, the Trustee shall, or shall cause the Security Agent to, execute and deliver any amendment, supplement or waiver authorized pursuant to this Article XII.

Section 12.04. Revocation and Effect of Consents. Until an amendment, supplement, or waiver becomes effective, a consent to it by a Noteholder is a continuing consent by the Noteholder and every subsequent Noteholder, even if notation of the consent is not made on any Note.

Section 12.05. Notation on or Exchange of Notes. The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter executed. The Trustee in exchange for such Notes may execute new Notes that reflect such amendment, supplement or waiver. Without limiting Section 12.04 and Section 13.12(d), any consent by any Noteholder of a Note shall be conclusive and binding on such Noteholder and upon all future Noteholders of any portion of such Note whether or not notation of such consent is made upon such Note.

Section 12.06. Trustee Protected. If, in the reasonable opinion of the institution acting as the Trustee hereunder, any document required to be executed by it pursuant to the terms of Section 12.01 or Section 12.02 adversely affects any right, duty, immunity or indemnity with respect to such institution under this Indenture, such institution may in its discretion decline to execute such document.

Section 12.07. No Consent of Individual Indemnitees Required. Notwithstanding anything in this Indenture or any other Operative Document to the contrary, when any provision hereof or thereof would otherwise require a consent of an Indemnitee, such provision shall always be construed to require only the consent of an Indemnitee other than any Indemnitee covered by clause (y) of the definition of "Indemnitee".

Section 12.08. Compliance with Trust Indenture Act. From and after the time this Indenture is qualified under the TIA, every amendment to, or supplement of this Indenture, any other Operative Document or the Notes shall comply with the TIA as then in effect, to the extent required by the TIA.

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ARTICLE XIII
MISCELLANEOUS

Section 13.01. Discharge of Indenture and Liability on Notes.

(a) General. If (i) the Company delivers to the Trustee all Outstanding Notes (other than Notes replaced pursuant to Section 2.12 hereof) for cancellation, or (ii) all Outstanding Notes have become due and payable, whether at maturity or as a result of the mailing of a notice of redemption pursuant to Article II hereof, and the Company irrevocably deposits with the Trustee funds sufficient to pay at maturity or upon redemption the principal amount of all Outstanding Notes, including interest thereon to maturity or such redemption date (other than Notes replaced pursuant to Section 2.12 hereof), and Make-Whole Amount, if any, and if in either case the Company pays all other sums payable hereunder by the Company and due on or prior to such maturity or redemption date, then the Company and the Trustee shall be deemed to have been released and discharged from their respective obligations hereunder and under the Notes and the Trustee shall, upon the written request of the Company, execute and deliver to, or as directed in writing by, the Company an appropriate instrument (in due form for recording) releasing the Collateral from the Lien of this Indenture and the Lien of the Aircraft Security Agreement, and, in such event, this Indenture and the other Operative Documents shall terminate and be of no further force or effect (subject to Section 13.01(b)). Except as otherwise provided above, this Indenture, the other Operative Documents and the trusts created hereunder and thereunder shall continue in full force and effect in accordance with their respective terms. The Trustee shall acknowledge satisfaction and discharge of this Indenture by executing and delivering to the Company on demand of the Company accompanied by an Officer's Certificate and an opinion of counsel, a written instrument to such effect prepared by the Company at its sole cost and expense. The Trustee shall hold in trust all monies deposited with it pursuant to this Section 13.01, and shall apply the deposited amounts through the Paying Agent and in accordance with this Indenture to the payment of principal of, interest on, and Make-Whole Amount, if any, on the Notes.

(b) Survival of Certain Provisions. Notwithstanding Section 13.01(a), the provisions of Sections 2.01 to 2.17, inclusive, 2.27, 5.03, 8.02, 10.01(a), 13.01, 13.18 and 13.20 shall survive until the Outstanding Notes have been paid in full. Thereafter, Sections 2.27, 5.03, 8.02, 13.01(c), 13.18 and 13.20 shall survive.

(c) Turn-Over of Certain Payments, Etc. The Trustee, the Security Agent, the Paying Agent and each other Agent shall promptly turn over to the Company any excess money or other property or proceeds held by them, upon request accompanied by a certificate from a nationally recognized firm of independent accountants expressing their opinion that any money or other property or proceeds then held by the Trustee, the

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Security Agent, the Paying Agent or any other Agent is in excess of the amounts sufficient to pay when due all of the principal of, interest on, and Make-Whole Amount, if any, with respect to the Notes to redemption or maturity, as the case may be. Subject to the mandatory provisions of any applicable escheat or abandoned or unclaimed property law, the Trustee, the Security Agent, the Paying Agent and each other Agent shall pay to the Company upon request any money, property or proceeds held by them for the payment of principal, interest, or Make Whole Amount that remains unclaimed for two years, and, thereafter, Noteholders entitled to the cash must look to the Company for payment as unsecured general creditors.

Section 13.02. No Legal Title to Collateral in the Noteholders. No holder of a Note shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of any Note or other right, title and interest of any Noteholder in and to the Collateral or hereunder shall operate to terminate this Indenture or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Collateral.

Section 13.03. No Preference, Priority or Distinction Among Notes. Except as otherwise provided in Section 2.13 hereof or in the definition of “Outstanding,” all Notes shall have an equal and proportionate benefit under the provisions of this Indenture and, after the Aircraft Security Agreement is entered into pursuant to Section 1.03(c), the Aircraft Security Agreement and all the other Operative Documents, without preference, priority or distinction as among all of the Notes.

Section 13.04. Indenture for Benefit of Company, Noteholders, Trustee, Security Agent and other Indemnitees. Nothing in this Indenture, whether express or implied, shall be construed to give any Person other than the Company, the Noteholders, the Trustee, the Security Agent and the other Indemnitees hereunder any legal or equitable right, remedy or claim under or in respect of this Indenture.

Section 13.05. Notices.

(a) General. 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 Indenture shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, 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:

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if to the Company, addressed to:

American Airlines, Inc.
4333 Amon Carter Boulevard
Mail Drop 5662
Fort Worth, Texas 76155
Reference: American Airlines 2009-2 Secured Notes Due 2016
Attention: Treasurer
Telephone: (817) 963-1234
Facsimile: (817) 967-4318

if to U.S. Bank, the Trustee or the Security Agent, addressed to:

U.S. Bank Trust National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Corporate Trust Services
Reference: American Airlines 2009-2 Secured Notes Due 2016
Telephone: (617) 603-6553
Facsimile: (617) 603-6683;

if to any Indemnitee other than U.S. Bank, the Trustee or the Security Agent, addressed to such address as such Indemnitee shall have furnished by notice to the Company, the Trustee, the Security Agent and each Paying Agent; and

if to any Noteholder, addressed to such Noteholder at its address set forth in the Register maintained pursuant to Section 2.08.

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 13.05.

(b) Communications Sent to Noteholders. Any notice or communication mailed to a Noteholder shall be sent to such Noteholder by first-class mail, postage prepaid, at such Noteholder’s address as it appears on the Register and shall be sufficiently given to such Noteholder if so sent within the time prescribed. Any notice or communication shall comply with TIA Section 313(c) to the extent required by the TIA.

Failure to mail a notice or send a communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. Notices under this Indenture to the Trustee or to the Company are deemed given only when received. Where this Indenture provides for notice in any manner, such notice may be waived in

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writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by the Noteholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

If by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice as provided above, then such notification as shall be made with the approval of the Trustee (such approval not to be unreasonably withheld) shall constitute a sufficient notification for every purpose hereunder.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language.

(c) Copies of Communications Sent to Noteholders. If the Company mails a notice or communication to the Noteholders generally, it shall mail a copy to the Trustee and the Registrar. Unless an Event of Default shall have occurred and be continuing, the Trustee shall promptly furnish the Company with a copy of any report, notice or written communication sent or furnished by the Trustee hereunder to the Noteholders generally.

Section 13.06. Severability. To the extent permitted by applicable law, any provision of this Indenture that 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 13.07. No Oral Modification or Continuing Waivers. No terms or provisions of this Indenture or of the Notes may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Company and the Trustee, in compliance with Article XII. Any waiver of the terms hereof or of any Note shall be effective only in the specific instance and for the specific purpose given.

Section 13.08. Binding Effect; Successors and Assigns; Etc. All covenants and agreements contained herein shall bind and inure to the benefit of, and be enforceable by, each of the parties hereto and the successors and permitted assigns of each, all as herein provided. By its acceptance of its Notes, each Noteholder unconditionally agrees for the benefit of the Company, the Trustee and each Agent to be bound by all of the terms of such Notes, the Indenture and the other Operative Documents.

Section 13.09. Headings. The headings of the various Articles and Sections herein and in the Table of Contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

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Section 13.10. Normal Commercial Relations. Anything contained in this Indenture to the contrary notwithstanding, the Trustee, any Noteholder or any other party to any of the Operative Documents or any of their affiliates may conduct any banking or other financial transactions, and have banking or other commercial relationships, with the Company, fully to the same extent as if this Indenture were not in effect, including without limitation the making of loans or other extensions of credit to the Company for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

Section 13.11. Voting by Noteholders. All votes of the Noteholders shall be governed by a vote of a Majority in Interest of Noteholders, except as otherwise provided herein.

Section 13.12. Directions of Noteholders.

(a) General. Any direction, instruction, consent, request, demand, authorization, notice, waiver or other instrument or action provided by this Indenture or in respect of the Notes to be given or taken by Noteholders (a "Direction") may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent or proxy duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, when it is expressly required pursuant to this Indenture, the Company or the Trustee. Proof of execution of any such instrument or of a writing appointing any such agent or proxy shall be sufficient for any purpose of this Indenture and conclusive in favor of the Company and the Trustee, if made in the manner provided in this Section 13.12.

(b) Proof of the Fact and Date of Execution, Etc. The fact and date of execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgements of deeds or administer oaths that the Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or such other officer, and where such execution is by an officer of a corporation or association or a member of partnership, on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner which the Trustee deems sufficient.

(c) Record Date. The Company may, at its option, by delivery of an Officer's Certificate to the Trustee, set a record date to determine the Noteholders entitled to give any Direction. Notwithstanding Section 316(c) of the TIA, such record date shall be the record date specified in such Officer's Certificate, which shall be a date not more than 10

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days prior to the first solicitation of Noteholders in connection therewith. During the continuance of an Event of Default, the Trustee may also set such a record date. If such a record date is fixed, such Direction may be given before or after such record date, but only the Noteholders of record at the close of business on such record date shall be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite portion of Outstanding Notes have authorized or agreed or consented to such Direction, and for that purpose the Outstanding Notes shall be computed as of such record date; provided that no such Direction by the Noteholders on such record date shall be deemed effective unless it shall become effective pursuant to the provision of this Indenture not later than one year after such record date. Nothing in this paragraph shall be construed to prevent the Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be deemed cancelled and of no effect).

(d) Binding Effect on Future Noteholders. Any direction by the Noteholder of any Note shall bind the Noteholder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such Direction is made upon such Note.

Section 13.13. Rules by Trustee, Paying Agent, Registrar. The Company and the Trustee may make reasonable rules for action by or at a meeting of Noteholders. The Registrar or Paying Agent may make reasonable rules for their respective functions.

Section 13.14. No Recourse Against Others. No past, present or future director, officer, employee, agent, representative, member, manager, trustee, stockholder or other equity holder, as such, of the Company or any successor Person or any Affiliate of the Company shall have any liability for any obligations of the Company or any successor Person or any Affiliate of any thereof, either directly or through the Company or any successor Person or any Affiliate of any thereof, under the Notes, this Indenture or the other Operative Documents or for any claim based on, in respect of or by reason of such obligations or their creation, whether by virtue of any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise. By accepting a Note, each Noteholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Notes.

Section 13.15. The Company's Performance and Rights. Any obligation imposed on the Company herein shall require only that the Company perform or cause to be performed such obligation, even if stated as a direct obligation, and the performance of any such obligation by any permitted assignee, lessee or transferee under an assignment, lease or transfer agreement then in effect and in accordance with the provisions of the Operative Documents shall constitute performance by the Company and, to the extent of

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such performance, discharge such obligation by the Company. Except as otherwise expressly provided herein, any right granted to the Company in this Indenture shall grant the Company the right to permit such right to be exercised by any such assignee, lessee or transferee, and, in the case of a lessee, as if the terms hereof were applicable to such lessee were such lessee the Company hereunder. The inclusion of specific references to obligations or rights of any such assignee, lessee or transferee in certain provisions of this Indenture shall not in any way prevent or diminish the application of the provisions of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any such assignee, lessee or transferee has not been made in this Indenture.

Section 13.16. Counterparts. This Indenture 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 Indenture including a signature page or pages executed by each of the parties hereto shall be an original counterpart of this Indenture, but all of such counterparts together shall constitute one instrument.

Section 13.17. Governing Law. **THIS INDENTURE HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.**

Section 13.18. Confidential Information. The term “Confidential Information” means: (a) the existence and terms of any lease of any Airframe or Engines pursuant to Section 7.02(a) of the Aircraft Security Agreement and the identity of the Permitted Lessee thereunder; (b) all information obtained in connection with any inspection conducted by the Security Agent or their respective representatives pursuant to Section 7.03 of the Aircraft Security Agreement; (c) each certification furnished to the Security Agent pursuant to Section 7.06(a) and Section 7.06(b) of the Aircraft Security Agreement; (d) all information contained in each report furnished to the Security Agent pursuant to Section 7.06(e) of the Aircraft Security Agreement; (e) all information regarding any of the Warranty Rights; and (f) all other information designated by the Company as non-public information. All Confidential Information shall be held confidential by the Trustee and the Security Agent and each affiliate, agent, officer, director, or employee of any thereof and shall not be furnished or disclosed by any of them to anyone other than (1) the Trustee or the Security Agent and (2) their respective bank examiners, auditors, accountants, agents and legal counsel, and except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any governmental authority.

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Section 13.19. Submission to Jurisdiction. Each of the parties hereto, to the extent it may do so under applicable law, for purposes hereof and of all other Operative Documents hereby (a) irrevocably submits itself to the non-exclusive jurisdiction of the courts of the State of New York sitting in the City of New York and to the non-exclusive jurisdiction 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 Indenture or any of the other Operative Documents, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto or thereto, or their successors or permitted assigns and (b) waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Indenture or the Notes or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by such courts.

Section 13.20. Survival of Representations, Warranties, Indemnities, Covenants and Agreements. Except as otherwise provided for herein or in any other Operative Document, the representations, warranties, indemnities, covenants and agreements of the Company, U.S. Bank, the Trustee, the Security Agent, and the Noteholders provided for in this Indenture and any such other Operative Document, and each of their obligations hereunder or thereunder, shall survive the acquisition of any Note, any return of any Aircraft, the transfer by any Noteholder of any interest in respect of its Note and the expiration or termination (to the extent arising out of acts or events occurring prior to such expiration) of any Operative Document.

Section 13.21. 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, 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 to such other party the rights and benefits to be provided under this Indenture and the other Operative Documents.

Section 13.22. Communications by Noteholders with Other Noteholders. Noteholders may communicate pursuant to TIA Section 312(b) with other Noteholders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and any other Person shall have the protection of TIA Section 312(c).

Section 13.23. Trust Indenture Act Controls. It is intended that, when this Indenture is qualified under the TIA as contemplated by the Registration Rights Agreement, this Indenture will become subject to the TIA. If any provision hereof limits, qualifies or conflicts with a provision of the TIA that is required by the TIA to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or

Indenture and Security Agreement
AA 2009-2 Secured Notes

excluded, the latter provision shall be deemed to apply to this Indenture as so modified, or to be excluded, as the case may be, whether or not such provision of this Indenture refers expressly to such provision of the TIA.

[Signature Pages Follow.]

Indenture and Security Agreement
AA 2009-2 Secured Notes

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed by their respective officers thereof duly authorized, as of the date first above written.

AMERICAN AIRLINES, INC.

By: /s/ Peter M. Warlick
Peter M. Warlick
Managing Director — Corporate
Finance and Banking

U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity, except as expressly provided herein, but solely as Trustee

By: /s/ Alison D.B. Nadeau
Name: Alison D.B. Nadeau
Title: Vice President

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AA 2009-2 Secured Notes

Signature Page

DESCRIPTION OF NOTES

<u>Title of Notes</u>	<u>Maturity Date</u>
13.0% 2009-2 Secured Notes due 2016	August 1, 2016

CERTAIN DEFINED TERMS

<u>Defined Term</u>	<u>Definition</u>
Debt Rate	13.0% per annum.
Make-Whole Spread	0.75%.

Schedule I to
Indenture and Security Agreement
AA 2009-2 Secured Notes

**SCHEDULE II to
INDENTURE AND SECURITY AGREEMENT**

PRINCIPAL AMORTIZATION

Payment Date	Percentage of Original Principal Amount to be Paid
February 1, 2010	6.658874714%
August 1, 2010	6.461577435%
February 1, 2011	6.263774034%
August 1, 2011	6.065970651%
February 1, 2012	5.868167265%
August 1, 2012	5.670363864%
February 1, 2013	5.472560492%
August 1, 2013	5.274757080%
February 1, 2014	5.076953766%
August 1, 2014	4.879150380%
February 1, 2015	5.032997402%
August 1, 2015	4.769259537%
February 1, 2016	4.505521704%
August 1, 2016	28.000071675%

Schedule II to
Indenture and Security Agreement
AA 2009-2 Secured Notes

Schedule II-1

**ALLOCABLE PORTIONS OF SCHEDULED PRINCIPAL PAYMENT
AND ALLOCABLE PORTIONS**

<u>Allocation Date</u>	<u>N909AN</u>	
	<u>Allocable Portion</u>	<u>Allocable Portion of Scheduled Principal Payment</u>
Issuance Date	\$17,069,000.00	\$ 0.00
February 1, 2010	15,932,300.60	1,136,699.40
August 1, 2010	14,829,380.60	1,102,920.00
February 1, 2011	13,760,223.46	1,069,157.14
August 1, 2011	12,724,829.17	1,035,394.29
February 1, 2012	11,723,197.74	1,001,631.43
August 1, 2012	10,755,329.17	967,868.57
February 1, 2013	9,821,223.45	934,105.72
August 1, 2013	8,920,880.60	900,342.85
February 1, 2014	8,054,300.58	866,580.02
August 1, 2014	7,221,483.43	832,817.15
February 1, 2015	6,362,406.28	859,077.15
August 1, 2015	5,548,346.28	814,060.00
February 1, 2016	4,779,303.42	769,042.86
August 1, 2016	0.00	4,779,303.42

Schedule III to
Indenture and Security Agreement
AA 2009-2 Secured Notes

**SCHEDULE III to
INDENTURE AND SECURITY AGREEMENT**

Allocation Date	N910AN (B737-823)		N912AN (B737-823)	
	Allocable Portion	Allocable Portion of Scheduled Principal Payment	Allocable Portion	Allocable Portion of Scheduled Principal Payment
Issuance Date	\$17,069,000.00	\$ 0.00	\$17,153,000.00	\$ 0.00
February 1, 2010	15,932,300.60	1,136,699.40	16,011,173.38	1,141,826.62
August 1, 2010	14,829,380.60	1,102,920.00	14,902,793.38	1,108,380.00
February 1, 2011	13,760,223.46	1,069,157.14	13,828,343.38	1,074,450.00
August 1, 2011	12,724,829.17	1,035,394.29	12,787,823.38	1,040,520.00
February 1, 2012	11,723,197.74	1,001,631.43	11,781,233.38	1,006,590.00
August 1, 2012	10,755,329.17	967,868.57	10,808,573.37	972,660.01
February 1, 2013	9,821,223.45	934,105.72	9,869,843.37	938,730.00
August 1, 2013	8,920,880.60	900,342.85	8,965,043.37	904,800.00
February 1, 2014	8,054,300.58	866,580.02	8,094,173.36	870,870.01
August 1, 2014	7,221,483.43	832,817.15	7,257,233.34	836,940.02
February 1, 2015	6,362,406.28	859,077.15	6,393,903.34	863,330.00
August 1, 2015	5,548,346.28	814,060.00	5,575,813.34	818,090.00
February 1, 2016	4,779,303.42	769,042.86	4,802,963.33	772,850.01
August 1, 2016	0.00	4,779,303.42	0.00	4,802,963.33

Schedule III to
Indenture and Security Agreement
AA 2009-2 Secured Notes

**SCHEDULE III to
INDENTURE AND SECURITY AGREEMENT**

Allocation Date	N914AN (B737-823)		N915AN (B737-823)	
	Allocable Portion	Allocable Portion of Scheduled Principal Payment	Allocable Portion	Allocable Portion of Scheduled Principal Payment
Issuance Date	\$17,238,000.00	\$ 0.00	\$17,238,000.00	\$ 0.00
February 1, 2010	16,090,046.16	1,147,953.84	16,090,046.16	1,147,953.84
August 1, 2010	14,976,206.15	1,113,840.01	14,976,206.15	1,113,840.01
February 1, 2011	13,896,463.30	1,079,742.85	13,896,463.30	1,079,742.85
August 1, 2011	12,850,817.58	1,045,645.72	12,850,817.58	1,045,645.72
February 1, 2012	11,839,269.01	1,011,548.57	11,839,269.01	1,011,548.57
August 1, 2012	10,861,817.58	977,451.43	10,861,817.58	977,451.43
February 1, 2013	9,918,463.29	943,354.29	9,918,463.29	943,354.29
August 1, 2013	9,009,206.15	909,257.14	9,009,206.15	909,257.14
February 1, 2014	8,134,046.13	875,160.02	8,134,046.13	875,160.02
August 1, 2014	7,292,983.26	841,062.87	7,292,983.26	841,062.87
February 1, 2015	6,425,400.40	867,582.86	6,425,400.40	867,582.86
August 1, 2015	5,603,280.40	822,120.00	5,603,280.40	822,120.00
February 1, 2016	4,826,623.25	776,657.15	4,826,623.25	776,657.15
August 1, 2016	0.00	4,826,623.25	0.00	4,826,623.25

Schedule III to
Indenture and Security Agreement
AA 2009-2 Secured Notes

**SCHEDULE III to
INDENTURE AND SECURITY AGREEMENT**

Allocation Date	N916AN (B737-823)		N917AN (B737-823)	
	Allocable Portion	Allocable Portion of Scheduled Principal Payment	Allocable Portion	Allocable Portion of Scheduled Principal Payment
Issuance Date	\$17,316,000.00	\$ 0.00	\$17,316,000.00	\$ 0.00
February 1, 2010	16,162,851.79	1,153,148.21	16,162,851.79	1,153,148.21
August 1, 2010	15,043,971.79	1,118,880.00	15,043,971.79	1,118,880.00
February 1, 2011	13,959,343.22	1,084,628.57	13,959,343.22	1,084,628.57
August 1, 2011	12,908,966.08	1,050,377.14	12,908,966.08	1,050,377.14
February 1, 2012	11,892,840.36	1,016,125.72	11,892,840.36	1,016,125.72
August 1, 2012	10,910,966.07	981,874.29	10,910,966.07	981,874.29
February 1, 2013	9,963,343.21	947,622.86	9,963,343.21	947,622.86
August 1, 2013	9,049,971.78	913,371.43	9,049,971.78	913,371.43
February 1, 2014	8,170,851.77	879,120.01	8,170,851.77	879,120.01
August 1, 2014	7,325,983.19	844,868.58	7,325,983.19	844,868.58
February 1, 2015	6,454,474.61	871,508.58	6,454,474.61	871,508.58
August 1, 2015	5,628,634.61	825,840.00	5,628,634.61	825,840.00
February 1, 2016	4,848,463.18	780,171.43	4,848,463.18	780,171.43
August 1, 2016	0.00	4,848,463.18	0.00	4,848,463.18

Schedule III to
Indenture and Security Agreement
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**SCHEDULE III to
INDENTURE AND SECURITY AGREEMENT**

Allocation Date	N918AN (B737-823)		N919AN (B737-823)	
	Allocable Portion	Allocable Portion of Scheduled Principal Payment	Allocable Portion	Allocable Portion of Scheduled Principal Payment
Issuance Date	\$17,400,000.00	\$ 0.00	\$17,400,000.00	\$ 0.00
February 1, 2010	16,241,724.57	1,158,275.43	16,241,724.57	1,158,275.43
August 1, 2010	15,117,384.57	1,124,340.00	15,117,384.57	1,124,340.00
February 1, 2011	14,027,463.14	1,089,921.43	14,027,463.14	1,089,921.43
August 1, 2011	12,971,960.28	1,055,502.86	12,971,960.28	1,055,502.86
February 1, 2012	11,950,875.99	1,021,084.29	11,950,875.99	1,021,084.29
August 1, 2012	10,964,210.28	986,665.71	10,964,210.28	986,665.71
February 1, 2013	10,011,963.13	952,247.15	10,011,963.13	952,247.15
August 1, 2013	9,094,134.56	917,828.57	9,094,134.56	917,828.57
February 1, 2014	8,210,724.55	883,410.01	8,210,724.55	883,410.01
August 1, 2014	7,361,733.10	848,991.45	7,361,733.10	848,991.45
February 1, 2015	6,485,971.67	875,761.43	6,485,971.67	875,761.43
August 1, 2015	5,656,101.67	829,870.00	5,656,101.67	829,870.00
February 1, 2016	4,872,123.09	783,978.58	4,872,123.09	783,978.58
August 1, 2016	0.00	4,872,123.09	0.00	4,872,123.09

Schedule III to
Indenture and Security Agreement
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**SCHEDULE III to
INDENTURE AND SECURITY AGREEMENT**

Allocation Date	N399AN (B767-323ER)		N778AN (B777-223ER)	
	Allocable Portion	Allocable Portion of Scheduled Principal Payment	Allocable Portion	Allocable Portion of Scheduled Principal Payment
Issuance Date	\$26,097,000.00	\$ 0.00	\$47,552,000.00	\$ 0.00
February 1, 2010	24,359,553.29	1,737,446.71	44,385,148.69	3,166,851.31
August 1, 2010	22,673,253.28	1,686,300.01	41,312,568.69	3,072,580.00
February 1, 2011	21,038,574.71	1,634,678.57	38,334,047.25	2,978,521.44
August 1, 2011	19,455,517.57	1,583,057.14	35,449,584.39	2,884,462.86
February 1, 2012	17,924,081.85	1,531,435.72	32,659,180.10	2,790,404.29
August 1, 2012	16,444,267.56	1,479,814.29	29,962,834.39	2,696,345.71
February 1, 2013	15,016,074.70	1,428,192.86	27,360,547.24	2,602,287.15
August 1, 2013	13,639,503.27	1,376,571.43	24,852,318.66	2,508,228.58
February 1, 2014	12,314,553.25	1,324,950.02	22,438,148.63	2,414,170.03
August 1, 2014	11,041,224.66	1,273,328.59	20,118,037.16	2,320,111.47
February 1, 2015	9,727,746.08	1,313,478.58	17,724,769.06	2,393,268.10
August 1, 2015	8,483,096.08	1,244,650.00	15,456,912.38	2,267,856.68
February 1, 2016	7,307,274.64	1,175,821.44	13,314,467.13	2,142,445.25
August 1, 2016	0.00	7,307,274.64	0.00	13,314,467.13

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**SCHEDULE III to
INDENTURE AND SECURITY AGREEMENT**

N779AN

(B777-223ER)

Allocation Date	Allocable Portion	Allocable Portion of Scheduled Principal Payment
Issuance Date	\$47,552,000.00	\$ 0.00
February 1, 2010	44,385,148.69	3,166,851.31
August 1, 2010	41,312,568.69	3,072,580.00
February 1, 2011	38,334,047.25	2,978,521.44
August 1, 2011	35,449,584.39	2,884,462.86
February 1, 2012	32,659,180.10	2,790,404.29
August 1, 2012	29,962,834.39	2,696,345.71
February 1, 2013	27,360,547.24	2,602,287.15
August 1, 2013	24,852,318.66	2,508,228.58
February 1, 2014	22,438,148.63	2,414,170.03
August 1, 2014	20,118,037.16	2,320,111.47
February 1, 2015	17,724,769.06	2,393,268.10
August 1, 2015	15,456,912.38	2,267,856.68
February 1, 2016	13,314,467.13	2,142,445.25
August 1, 2016	0.00	13,314,467.13

Schedule III to
Indenture and Security Agreement
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PRE-FUNDED CASH COLLATERAL AMOUNTS

<u>Aircraft</u>	<u>Pre-funded Cash Collateral Amount</u>
N909AN	\$ 17,069,000
N910AN	17,069,000
N912AN	17,153,000
N914AN	17,238,000
N915AN	17,238,000
N916AN	17,316,000
N917AN	17,316,000
N918AN	17,400,000
N919AN	17,400,000
N399AN	26,097,000
N778AN	47,552,000
N779AN	47,552,000
Total:	\$ 276,400,000

Schedule IV to
Indenture and Security Agreement
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LIST OF AIRCRAFT AND EXISTING INDENTURES

<u>No.</u>	<u>U.S. Registration No.</u>	<u>Airframe Manufacturer</u>	<u>Airframe Model (including generic manufacturer and model)</u>	<u>Airframe MSN</u>	<u>Engine Manufacturer</u>	<u>Engine Model (including generic manufacturer and model)</u>	<u>Existing Indenture</u>
1.	N909AN	Boeing	737-823 (BOEING 737-800)	29511	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N909AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. T061622)
2.	N910AN	Boeing	737-823 (BOEING 737-800)	29512	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N910AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. T061623)
3.	N912AN	Boeing	737-823 (BOEING 737-800)	29513	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N912AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. H98491)

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**SCHEDULE V to
INDENTURE AND SECURITY AGREEMENT**

No.	U.S. Registration No.	Airframe Manufacturer	Airframe Model (including generic manufacturer and model)	Airframe MSN	Engine Manufacturer	Engine Model (including generic manufacturer and model)	Existing Indenture
4.	N914AN	Boeing	737-823 (BOEING 737-800)	29515	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N914AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. H98490)
5.	N915AN	Boeing	737-823 (BOEING 737-800)	29516	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N915AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. FF27857)
6.	N916AN	Boeing	737-823 (BOEING 737-800)	29517	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N916AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. FF27856)

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**SCHEDULE V to
INDENTURE AND SECURITY AGREEMENT**

No.	U.S. Registration No.	Airframe Manufacturer	Airframe Model (including generic manufacturer and model)	Airframe MSN	Engine Manufacturer	Engine Model (including generic manufacturer and model)	Existing Indenture
7.	N917AN	Boeing	737-823 (BOEING 737-800)	29518	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N917AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. BB31088)
8.	N918AN	Boeing	737-823 (BOEING 737-800)	29519	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N918AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. BB31087)
9.	N919AN	Boeing	737-823 (BOEING 737-800)	29520	CFM International, Inc.	CFM56-7B26 (CFM CFM56-7)	Indenture and Security Agreement (N919AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. EE020636)

Schedule V to
Indenture and Security Agreement
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**SCHEDULE V to
INDENTURE AND SECURITY AGREEMENT**

<u>No.</u>	<u>U.S. Registration No.</u>	<u>Airframe Manufacturer</u>	<u>Airframe Model (including generic manufacturer and model)</u>	<u>Airframe MSN</u>	<u>Engine Manufacturer</u>	<u>Engine Model (including generic manufacturer and model)</u>	<u>Existing Indenture</u>
10.	N399AN	Boeing	767-323ER (BOEING 767-300)	29606	General Electric	CF6-80C2B6 (GE CF6-80C2)	Indenture and Security Agreement (N399AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. JJ31844)
11.	N778AN	Boeing	777-223ER (BOEING 777-200)	29587	Rolls Royce	RB211-TRENT-892 (ROLLS ROYCE TRENT800)	Indenture and Security Agreement (N778AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. JJ31845)
12.	N779AN	Boeing	777-223ER (BOEING 777-200)	29955	Rolls Royce	RB211-TRENT-892 (ROLLS ROYCE TRENT800)	Indenture and Security Agreement (N779AN), dated as of October 6, 1999, between the Company and the loan trustee party thereto, as supplemented by Indenture Supplement No. 1, dated October 6, 1999. (FAA Conveyance No. EE020635)

Schedule V to
Indenture and Security Agreement
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Schedule V-4

DEFINITIONS

“**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 U.S. Bank be deemed to be an Affiliate of the Trustee or the Security Agent or vice versa.

“**After-Tax Basis**” means that indemnity and compensation payments required to be made on such basis will be supplemented by the Person paying the base amount by that amount which, when added to such base amount, and after deduction of all Federal, state, local and foreign Taxes required to be paid by or on behalf of the payee with respect to the receipt or realization of the base amount and any such supplemental amounts, and after consideration of any current tax savings of such payee resulting by way of any deduction, credit or other tax benefit actually and currently realized that is attributable to such base amount or Tax, shall net such payee the full amount of such base amount.

“**Agent**” means any Registrar, Paying Agent or co-Registrar or co-Paying Agent.

“**Agent Members**” has the meaning specified in Section 2.05(a) of the Indenture.

“**Aircraft**” means each Airframe (or any Replacement Airframe substituted for such Airframe pursuant to Section 7.05 of the Aircraft Security Agreement) together with the two related Engines described in **Annex A** to the Aircraft Security Agreement Supplement originally executed and delivered under the Aircraft Security Agreement relating to such Airframe or Replacement Airframe (or any Replacement Engine that may from time to time be substituted for any of such Engines pursuant to Section 7.04 or Section 7.05 of the Aircraft Security Agreement), whether or not any of such initial or substituted Engines may from time to time be installed on such Airframe or Replacement Airframe or any other airframe or aircraft. The term “**Aircraft**” shall include any Replacement Aircraft. The term “Aircraft” shall not include any Aircraft after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

“**Aircraft Closing**” has the meaning specified in Section 1.03(b) of the Indenture.

“Aircraft Closing Date” has the meaning specified in Section 1.03(b) of the Indenture.

“Aircraft Collateral” has the meaning specified in the granting clause of the Aircraft Security Agreement.

“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 (and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Aircraft Protocol with respect to that country, the Aircraft Protocol as in effect in such country, unless otherwise indicated).

“Aircraft Purchase Agreement” means:

(a) with respect to any Boeing 737-823 Aircraft, Purchase Agreement No. 1977, dated October 31, 1997, which incorporates by reference the Aircraft General Terms Agreement (AGTA-AAL), dated as of October 31, 1997, between the Manufacturer and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(b) with respect to any Boeing 767-323ER Aircraft, Purchase Agreement No. 1979, dated October 31, 1997, which incorporates by reference the Aircraft General Terms Agreement (AGTA-AAL), dated as of October 31, 1997, between the Manufacturer and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms; and

(c) with respect to any Boeing 777-223ER Aircraft, Purchase Agreement No. 1980, dated October 31, 1997, which incorporates by reference the Aircraft General Terms Agreement (AGTA-AAL), dated as of October 31, 1997, between the Manufacturer and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

“Aircraft Securities Account” has the meaning specified in Section 3.05 of the Aircraft Security Agreement.

“Aircraft Securities Intermediary” has the meaning specified in Section 3.05 of the Aircraft Security Agreement.

“Aircraft Security Agreement” means, subject to Section 1.03(c) of the Indenture, an Aircraft Security Agreement, dated as of the initial Aircraft Closing Date, among the Company, U.S. Bank, not in its individual capacity, except as expressly stated therein,

but solely as Security Agent, and U.S. Bank, not in its individual capacity, except as expressly stated therein, but solely as Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, including supplementation by an Aircraft Security Agreement Supplement pursuant to the Aircraft Security Agreement.

“Aircraft Security Agreement Supplement” means a supplement to the Aircraft Security Agreement executed and delivered thereunder, substantially in the form of **Exhibit A** to the Aircraft Security Agreement, which shall particularly describe any Aircraft, and any Replacement Airframe and/or Replacement Engine included in the property subject to the Lien of the Aircraft Security Agreement.

“Aircraft Security Event of Default” has the meaning specified in Section 4.01 of the Aircraft Security Agreement.

“Airframe” means (a) each airframe further described in **Annex A** to an Aircraft Security Agreement Supplement originally executed and delivered in respect of such airframe under the Aircraft Security Agreement (except (i) the related Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (ii) items installed or incorporated in or attached to such aircraft from time to time that are excluded from the definition of Parts by clauses (b), (c) and (d) thereof) and (b) any and all related Parts. The term “Airframe” shall include any Replacement Airframe that may from time to time be substituted for any Airframe pursuant to Section 7.05 of the Aircraft Security Agreement. At such time as a Replacement Airframe shall be so substituted and the Airframe for which such substitution is made shall be released from the Lien of the Aircraft Security Agreement, such replaced Airframe shall cease to be an Airframe under the Aircraft Security Agreement. The term “Airframe” shall not include any Airframe after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

“Allocable Portion” means, with respect to any Aircraft or Eligible Aircraft and as of any date, (a) if such date is an Allocation Date, the amount set forth in **Schedule III** to the Indenture with respect to such Aircraft or Eligible Aircraft opposite such Allocation Date, or (b) if such date is not an Allocation Date, the amount set forth in **Schedule III** to the Indenture with respect to such Aircraft or Eligible Aircraft opposite the Allocation Date that immediately precedes such date.

“Allocable Portion of Scheduled Principal Payment” means, with respect to any Aircraft or Eligible Aircraft and as of any Payment Date, the amount set forth in **Schedule III** of the Indenture with respect to such Aircraft or Eligible Aircraft opposite the Allocation Date that corresponds to such Payment Date.

Annex A: Definitions
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“Allocation Date” means the Issuance Date and each Payment Date specified in **Schedule III** to the Indenture.

“American Entity” means the Parent, the Company and any Affiliate of the Parent.

“Appraisers” means Aircraft Information Services, Inc., BK Associates, Inc. and Morten Beyer & Agnew, Inc. or, so long as a Majority in Interest of Noteholders acts reasonably, any other nationally recognized appraiser selected by a Majority in Interest of Noteholders.

“Appraisal” has the meaning set forth in Section 4.02(e) of the Indenture.

“Bankruptcy Code” means the United States Bankruptcy Code, 11 United States Code §§101 *et seq.*, as amended, or any successor statutes thereto.

“Bills of Sale” means, with respect to any Aircraft, the applicable FAA Bill of Sale and the applicable Warranty Bill of Sale.

“Business Day” means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in New York, New York, Fort Worth, Texas, Boston, Massachusetts or, if different from the foregoing, the city and state in which the Trustee or the Security Agent maintains its Corporate Trust Office or receives and disburses funds.

“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 (and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Cape Town Convention with respect to that country, the Cape Town Convention as in effect in such country, unless otherwise indicated).

“Cape Town Treaty” means, collectively, the official English language text of (a) the Convention on International Interests in Mobile Equipment, and (b) the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, in each case adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Cape Town Treaty with respect to that country, the Cape Town Treaty as in effect in such country, unless otherwise indicated, and (c) all rules and regulations adopted pursuant thereto and, in the

Annex A: Definitions
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case of each of the foregoing described in clauses (a) through (c), all amendments, supplements, and revisions thereto.

“Cash Securities Account” has the meaning specified in Section 3.07 of the Indenture.

“Cash Securities Intermediary” has the meaning specified in Section 3.07 of the Indenture.

“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 of the United States Code for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of Section 1110.

“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 United States enacted in substitution or replacement therefor.

“Claim” has the meaning specified in Section 8.02(a) of the Indenture.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

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

“Collateral” means, as of any date of determination, any Pre-funded Collateral or any Aircraft Collateral, in each case, as the same may be held, as of such date, by the Trustee or the Security Agent, as applicable, under the Indenture or the Aircraft Security Agreement, as applicable.

“Company” means American Airlines, Inc., and its successors and permitted assigns.

“Compulsory Acquisition” means requisition of title or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention for any reason of an Aircraft or the related Airframe or any related Engine by any government that results in the loss of title or use of such Aircraft, such Airframe or any such Engine by the Company (or any Permitted Lessee) for a period in excess of 180 consecutive days, but shall exclude requisition for use not involving requisition of title.

“Confidential Information” has the meaning specified in Section 13.18 of the Indenture.

“Corporate Trust Office” means, with respect to any of the Trustee, the Security Agent or any Agent, the office of such Person in the city at which, at any particular time, its corporate trust business shall be principally administered.

“CRAF Program” means the Civil Reserve Air Fleet Program authorized under 10 U.S.C. Section 9511 *et seq.* or any similar or substitute program under the laws of the United States.

“Cut-Off Date” means November 15, 2009.

“Cut-Off Redemption Date” has the meaning specified in Section 2.19(a) of the Indenture.

“Debt Rate” means the rate per annum specified for the Notes in **Schedule I** to the Indenture; provided that:

(a) if (i) neither the Exchange Offer is consummated nor the Shelf Registration Statement is declared effective on or prior to December 31, 2009, or (ii) the Notes have not been rated by each of Moody’s and S&P on or prior to December 31, 2009, such rate per annum will be increased by 1.00% per annum effective as of January 1, 2010;

(b) if the Shelf Registration Statement ceases to be effective for more than 60 days, whether or not consecutive, during the period that it is required to be effective pursuant to Section 2(b) of the Registration Rights Agreement, such interest rate per annum shall be increased by 1.00% from the 61st day until such time as the Shelf Registration Statement again becomes effective; provided that, for the purpose of this clause (b), the Shelf Registration Statement shall be deemed to have ceased to be effective during any period in which the offering of Registrable Notes (as such term is defined in the Registration Rights Agreement) pursuant to the Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court; and

(c) the maximum possible increase in such rate per annum pursuant to this proviso, at any time, shall be 1.00%.

“Default” means any event which is, or after notice or passage of time, or both, would be, an Event of Default.

“Definitive Notes” has the meaning specified in Section 2.01(g) of the Indenture.

Annex A: Definitions
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“Definitive Exchange Note” has the meaning specified in Section 2.01(g) of the Indenture.

“Definitive Initial Note” has the meaning specified in Section 2.01(g) of the Indenture.

“Department of Transportation” means the United States Department of Transportation and any agency or instrumentality of the United States government succeeding to its functions.

“Direction” has the meaning specified in Section 13.12(a) of the Indenture.

“Dollars” and “\$” mean the lawful currency of the United States.

“DTC” means The Depository Trust Company, its nominees and their respective successors.

“EASA” means the European Aviation Safety Agency of the European Union and any successor agency.

“Eligible Aircraft” means each airframe identified on **Schedule V** to the Indenture together with two engines of the make and model specified therein opposite such airframe.

“Eligible Account” means a segregated account established by and with an Eligible Institution at the request of the Trustee or the Security Agent, as applicable, which institution agrees, for all purposes of the NY UCC including Article 8 thereof, that (a) such account shall be a “securities account” (as defined in Section 8-501(a) of the NY UCC), (b) such institution is a “securities intermediary” (as defined in Section 8-102(a)(14) of the NY UCC), (c) all property (other than cash) credited to such account shall be treated as a “financial asset” (as defined in Section 8-102(a)(9) of the NY UCC), (d) the Trustee or the Security Agent, as applicable, shall be the “entitlement holder” (as defined in Section 8-102(a)(7) of the NY UCC) in respect of such account, (e) it will comply with all entitlement orders issued by the Trustee or the Security Agent, as applicable, in each case, to the exclusion of the Company, (f) it will waive or subordinate in favor of the Trustee or the Security Agent, as applicable, all claims (including, without limitation, claims by way of security interest, lien or right of set-off or right of recoupment), and (g) the “securities intermediary jurisdiction” (under Section 8-110(e) of the NY UCC) shall be the State of New York.

“Eligible Institution” means the corporate trust department of U.S. Bank or any other Person that becomes a successor Trustee under the Indenture or a successor Security Agent under the Aircraft Security Agreement, in each case, acting solely in its

capacity as a “securities intermediary” (as defined in Section 8-102(a)(14) of the NY UCC).

“Engine” means, with respect to any Aircraft, (a) each of the two engines listed by manufacturer’s serial number and further described in **Annex A** to the applicable Aircraft Security Agreement Supplement originally executed and delivered under the Aircraft Security Agreement, whether or not from time to time installed on the related Airframe or installed on any other airframe or on any other aircraft, and (b) any Replacement Engine that may from time to time be substituted for an Engine pursuant to Section 7.04 or 7.05 of the Aircraft Security Agreement; together in each case with any and all related Parts, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts. At such time as a Replacement Engine shall be so substituted and the Engine for which substitution is made shall be released from the Lien of the Aircraft Security Agreement, such replaced Engine shall cease to be an Engine under the Aircraft Security Agreement. The term “Engine” shall not include any Engine after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA as in effect at the date of the Participation Agreement and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

“Event of Default” has the meaning specified in Section 4.01 of the Indenture.

“Event of Loss” means, as of any date of determination, (A) with respect to any Eligible Aircraft not then subject to the Lien of the Aircraft Security Agreement, an “Event of Loss” as defined in the applicable Existing Indenture (whether or not such Existing Indenture is in full force and effect) and (B) with respect to any Aircraft, Airframe or Engine, any of the following events with respect to such property:

- (a) the loss of such property or of the use thereof due to destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;
- (b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, a compromised total loss or a constructive total loss;
- (c) the theft, hijacking or disappearance of such property for a period in excess of 180 consecutive days;

Annex A: Definitions
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(d) the requisition for use of such property by any government (other than a requisition for use by a Government or the government of the country of registry of the Aircraft) that shall have resulted in the loss of possession of such property by the Company (or any Permitted Lessee) for a period in excess of 12 consecutive months;

(e) the operation or location of such Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect with respect to such Aircraft required by the terms of Section 7.06 of the Aircraft Security Agreement, unless the Company shall have obtained indemnity or insurance in lieu thereof from such government;

(f) any Compulsory Acquisition;

(g) as a result of any law, rule, regulation, order or other action by the FAA or other government of the country of registry, the use of such Aircraft or Airframe in the normal business of air transportation shall have been prohibited by virtue of a condition affecting all aircraft of the same type for a period of 18 consecutive months, unless the Company shall be diligently carrying forward all steps that are necessary or desirable to permit the normal use of such Aircraft or Airframe or, in any event, if such use shall have been prohibited for a period of three consecutive years; and

(h) with respect to any such Engine only, any divestiture of title to or interest in such Engine or any event with respect to such Engine that is deemed to be an Event of Loss with respect to such Engine pursuant to Section 7.02(a)(vii) or Section 7.05(e) of the Aircraft Security Agreement.

An Event of Loss with respect to an Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the related Airframe unless the Company elects to substitute a Replacement Airframe pursuant to Section 7.05(a)(i) of the Aircraft Security Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

“Exchange Note” means and includes any notes issued under the Indenture in exchange for, or replacement of, the Initial Notes pursuant to the Registration Rights Agreement in the form specified in Section 2.01 thereof (as such form may be varied pursuant to the terms of the Indenture) and any Exchange Note issued in exchange therefor or replacement thereof pursuant to and in accordance with the provisions, terms and conditions of the Indenture and such Exchange Note.

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“Exchange Offer” means the exchange offer that may be made pursuant to the Registration Rights Agreement to exchange the Initial Notes for the Exchange Notes.

“Exchange Offer Registration Statement” means the registration statement that, pursuant to the Registration Rights Agreement, is filed by the Company with the SEC with respect to the exchange of the Initial Notes for the Exchange Notes.

“Existing Indenture” means, with respect to any Eligible Aircraft, the indenture and security agreement listed on **Schedule V** to the Indenture opposite such Eligible Aircraft.

“FAA” means the United States Federal Aviation Administration and any agency or instrumentality of the United States government succeeding to its functions.

“FAA Bill of Sale” means, with respect to any Aircraft, whichever is applicable: (a) the bill of sale for such Aircraft on AC Form 8050-2, executed by the Manufacturer in favor of the Company and recorded with the FAA or (b) collectively, (i) the bill of sale for such Aircraft on AC Form 8050-2, executed by the Manufacturer in favor of Boeing Sales Corporation and recorded with the FAA and (ii) the bill of sale for such Aircraft on AC Form 8050-2, executed by Boeing Sales Corporation in favor of the Company and recorded with the FAA.

“Federal Funds Rate” means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by U.S. Bank from three Federal funds brokers of recognized standing selected by it.

“Global Exchange Note” has the meaning specified in Section 2.01(f) of the Indenture.

“Global Initial Note” has the meaning specified in Section 2.01(d) of the Indenture.

“Global Notes” has the meaning specified in Section 2.01(f) of the Indenture.

“Government” means the government of any of Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States and any instrumentality or agency thereof.

“IAI Definitive Note” has the meaning specified in Section 2.01(e) of the Indenture.

“Indemnitee” has the meaning specified in Section 8.02(b) of the Indenture.

“Indenture” means that certain Indenture and Security Agreement, dated as of July 31, 2009, between the Company and U.S. Bank, not in its individual capacity, except as expressly stated therein, but solely as Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Independent” when used with respect to an engineer, appraiser or other expert, means an engineer, appraiser or other expert who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company or any Affiliate of the Company, and (iii) is not connected with the Company or any Affiliate of the Company as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

“Initial Note” means and includes any notes other than the Exchange Notes issued under the Indenture in the form specified in Section 2.01 thereof (as such form may be varied pursuant to the terms of the Indenture) and any Initial Note issued in exchange therefor or replacement thereof pursuant to and in accordance with the provisions, terms and conditions of the Indenture and such Initial Note, but excluding any Exchange Note.

“Initial Purchaser” means each initial purchaser identified as such in the Purchase Agreement.

“Institutional Accredited Investor” means, subject to Section 2.01(h) of the Indenture, an institutional investor that is an “accredited investor” within the meaning set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

“Interests” has the meaning specified in Section 7.06(a) of the Aircraft Security 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.

“Issuance Date” means July 31, 2009.

“JAA” means the Joint Aviation Authorities and any successor authority.

“Lease” means any lease permitted by the terms of Section 7.02(a) of the Aircraft Security Agreement.

“Lien” means any mortgage, pledge, lien, encumbrance, lease, sublease, sub-sublease or security interest.

“Loan Amount” has the meaning specified in Section 7.06(b) of the Aircraft Security Agreement.

“Long-Term Rating” means, for any entity (i) in the case of Moody’s, the long-term senior unsecured debt rating of such entity and (ii) in the case of S&P, the long-term issuer credit rating of such entity.

“Loss Payment Date” has the meaning specified in Section 7.05(a) of the Aircraft Security Agreement.

“Majority in Interest of Noteholders” means, as of a particular date of determination, the holders of at least a majority in aggregate unpaid principal amount of all Notes Outstanding as of such date.

“Make-Whole Amount” means, with respect to the Notes or any Allocable Portion of the Notes, the amount (as determined by an independent investment banker selected by the Company (and, following the occurrence and during the continuance of an Event of Default, reasonably acceptable to the Trustee)), if any, by which (i) the present value of the Remaining Scheduled Payments with respect to the Notes or such Allocable Portion computed by discounting each such Remaining Scheduled Payment on a semiannual basis from its respective Payment Date (assuming a 360-day year of twelve 30 day months) using a discount rate equal to the Treasury Yield plus the Make-Whole Spread exceeds (ii) the outstanding aggregate principal amount of the Notes or such Allocable Portion plus accrued but unpaid interest thereon to the date of redemption. For purposes of determining the Make-Whole Amount, “Remaining Scheduled Payments” means, with respect to the Notes, the remaining scheduled payments of principal and interest on the Notes from the Payment Date next following the redemption date to, and including, the Maturity Date, and, with respect to any Allocable Portion of the Notes, the remaining Allocable Portions of Scheduled Principal Payment for the relevant Eligible Aircraft for each Allocation Date from the Allocation Date next following the redemption date to, and including, the Maturity Date and the scheduled payments of interest thereon, “Treasury Yield” means, at the date of determination, the interest rate (expressed as a semiannual equivalent and as a decimal rounded to the number of decimal places as appears in the Debt Rate of the Notes and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the

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Average Life Date and trading in the public securities market either as determined by interpolation between the most recent weekly average constant maturity, non-inflation-indexed series yield to maturity for two series of United States Treasury securities, trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date and (B) the other maturing as close as possible to, but later than, the Average Life Date, in each case as reported in the most recent H.15(519) or, if a weekly average constant maturity, non-inflation-indexed series yield to maturity for United States Treasury securities maturing on the Average Life Date is reported in the most recent H.15(519), such weekly average yield to maturity as reported in such H.15(519). “H.15(519)” means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable redemption date and the “most recent H.15(519)” means the latest H.15(519) published prior to the close of business on the third Business Day prior to the applicable redemption date. “Average Life Date” means, for the Notes or each Allocable Portion of the Notes to be redeemed, the date which follows the redemption date by a period equal to the Remaining Weighted Average Life at the redemption date of the Notes or such Allocable Portion. “Remaining Weighted Average Life” of the Notes or an Allocable Portion of the Notes, at the redemption date of the Notes or such Allocable Portion, means the number of days equal to the quotient obtained by dividing: (i) the sum of the products obtained by multiplying (A)(x) in the case of the Notes, the amount of each then remaining installment of principal, including the payment due on the Maturity Date or (y) in the case of any Allocable Portion of the Notes, the amount of each then remaining Allocable Portion of Scheduled Principal Payment for the relevant Eligible Aircraft for each Allocation Date from the Allocation Date next following such redemption date to, and including, the Maturity Date, by (B) the number of days from and including the redemption date to but excluding (x) in the case of the Notes, the scheduled Payment Date of such principal installment or (y) in the case of any Allocable Portion of the Notes, the Allocation Date corresponding to such Allocable Portion of Scheduled Principal Payment by (ii) the then unpaid principal amount of the Notes or such Allocable Portion. “Make-Whole Amount”, with respect to any Note or portion thereof called for redemption, shall mean the Make-Whole Amount calculated in accordance with the foregoing provisions of this definition multiplied by a fraction the numerator of which shall be the outstanding principal amount of such Note or such portion and the denominator of which shall be the aggregate outstanding principal amount of all Notes.

“Make-Whole Spread” means the percentage specified as such in **Schedule I** to the Indenture.

“Manufacturer” means The Boeing Company, a Delaware corporation, and its successors and assigns.

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“Manufacturer’s Consent” means a Manufacturer’s Consent and Agreement to Assignment of Warranties, dated as of each Aircraft Closing Date, substantially in the form of **Exhibit H** to the Indenture.

“Maturity Date” means the date specified as such in **Schedule I** to the Indenture.

“Moody’s” means Moody’s Investors Service, Inc.

“Non-U.S. Person” means any Person other than a “U.S. person,” as defined in Regulation S.

“Noteholder” means any Person in whose name a Note is registered on the Register.

“Notes” means the Initial Notes and the Exchange Notes.

“NY UCC” means UCC as in effect in the State of New York.

“Officer” means the Chairman of the Board, the President, any Vice President of any grade, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary, the Controller or the Managing Director — Corporate Finance and Banking of the Company.

“Officer’s Certificate” means a certificate signed by an Officer (which certificate shall comply with the requirements of Section 11.03 and Section 11.04 of the Indenture if the Indenture is qualified under the TIA at the time such certificate is to be delivered).

“Operative Documents” means, collectively, (a) the Indenture, (b) the Notes, (c) from and after the respective date each of the same is entered into in accordance with Section 1.03(c) of the Indenture, the Aircraft Security Agreement and each Aircraft Security Agreement Supplement, if any, and (d) from and after the applicable Aircraft Closing Date, the Manufacturer’s Consent, if any, with respect to each Aircraft.

“Opinion of Counsel” means a written opinion from the General Counsel of the Company, legal counsel to the Company or another legal counsel who is reasonably acceptable to the Trustee (which Opinion of Counsel shall comply with Section 11.03 and Section 11.04 of the Indenture if the Indenture is qualified under the TIA at the time such Opinion of Counsel is to be delivered). The counsel may be an employee of the Company. The acceptance by the Trustee (without written objection to the Company during the 15 Business Days following receipt) of, or its action on, an opinion of counsel not specifically referred to above shall be sufficient evidence that such counsel is acceptable to the Trustee.

“Outstanding” or “outstanding”, when used with respect to Notes or a Note, means all Notes theretofore authenticated and delivered under the Indenture, except: (a) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancellation; (b) Notes, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Noteholders of such Notes, provided that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made; (c) Notes for which payment has been deposited with the Trustee or any Paying Agent in trust pursuant to Section 13.01 of the Indenture (except to the extent provided therein); and (d) Notes which have been paid in full, or for which other Notes shall have been authenticated and delivered in lieu thereof or in substitution therefor pursuant to the terms of Section 2.12 of the Indenture. A Note does not cease to be Outstanding because the Company or one of its Affiliates holds the Note; provided, however, that in determining whether the Noteholders of the requisite aggregate principal amount of Notes Outstanding have given or concurred in any request, demand, authorization, direction, notice, consent or waiver under the Indenture or any other Operative Document, Section 2.13 of the Indenture shall be applicable.

“Parent” means AMR Corporation, a Delaware corporation, or any other Person that directly or indirectly controls the Company, in each case together with its successors and assigns. For the purposes of this definition, “control” means the power, directly or indirectly, to direct or cause the direction of the management and policies of the Company, whether through the ownership of voting securities or by contract or otherwise.

“Parts” means, with respect to any Aircraft or the related Airframe or any related Engine, as applicable, any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (a) complete such Engines or engines, (b) any items leased by the Company or any Permitted Lessee, (c) cargo containers and (d) components or systems installed on or affixed to such Airframe that are used to provide individual telecommunications or electronic entertainment to passengers aboard such Aircraft) so long as the same shall be incorporated or installed in or attached to such Airframe or such Engine or so long as the same shall be subject to the Lien of the Aircraft Security Agreement in accordance with the terms of Section 7.04 thereof after removal from such Airframe or such Engine.

“Past Due Rate” means the lesser of (a) the Debt Rate plus 1% (computed on the basis of a year of 360 days comprised of twelve 30-day months) and (b) the maximum rate permitted by applicable law.

“Paying Agent” has the meaning specified in Section 2.08 of the Indenture.

“Payment” means (i) any payment of principal of, interest on, Make-Whole Amount (if any) with respect to, or redemption price in respect of, any Note from the Company, or (ii) any payment received or amount realized by the Trustee or the Security Agent from the exercise of remedies after the occurrence of an Event of Default.

“Payment Date” means, for any Note, each February 1 and August 1 commencing with February 1, 2010.

“Payment Default” means the occurrence of an event that would give rise to an Event of Default under Section 4.01(a) of the Indenture upon the giving of notice or the passing of time or both.

“Permanent Regulation S Global Note” has the meaning specified in Section 2.01(d) of the Indenture.

“Permitted Investments” means each of (a) direct obligations of the United States and agencies thereof; (b) obligations fully guaranteed by the United States; (c) 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 United States or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000 and having a Long-Term Rating of A, its equivalent or better by Moody’s or S&P (or, if neither such organization then rates such institutions, by any nationally recognized rating organization in the United States); (d) commercial paper of any holding company of a bank, trust company or national banking association described in clause (c); (e) commercial paper of companies having a Short-Term Rating assigned to such commercial paper by either Moody’s or S&P (or, if neither such organization then rates such commercial paper, by any nationally recognized rating organization in the United States) equal to either of the two highest ratings assigned by such organization; (f) Dollar-denominated certificates of deposit issued by, or time deposits with, the European subsidiaries of (i) any bank, trust company or national banking association described in clause (c), or (ii) any other bank or financial institution described in clause (g), (h) or (j) below; (g) United States-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 and having a Long-Term Rating of A, its equivalent or better by Moody’s or S&P (or, if neither such organization then rates such institutions, by any nationally recognized rating organization in the United States); (h) 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 Long-Term Rating of A, its equivalent or better by Moody’s or S&P (or, if neither such organization then rates such institutions, by any nationally recognized rating organization in the United States); (i)

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Canadian Treasury Bills fully hedged to Dollars; (j) 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 (a) through (i) above; (k) bonds, notes or other obligations of any state of the United States, or any political subdivision of any state, or any agencies or other instrumentalities of any such state, including, but not limited to, industrial development bonds, pollution control revenue bonds, public power bonds, housing bonds, other revenue bonds or any general obligation bonds, that, at the time of their purchase, such obligations have a Long-Term Rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization then rates such obligations, by any nationally recognized rating organization in the United States); (l) bonds or other debt instruments of any company, if such bonds or other debt instruments, at the time of their purchase, have a Long-Term Rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization then rates such obligations, by any nationally recognized rating organization in the United States); (m) mortgage backed securities (i) guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association or having a Long-Term Rating of AAA, its equivalent or better issued by Moody's or S&P (or, if neither such organization then rates such obligations, by any nationally recognized rating organization in the United States) or, if unrated, deemed to be of a comparable quality by the Trustee and (ii) having an average life not to exceed one year as determined by standard industry pricing practices presently in effect; (n) asset-backed securities having a Long-Term Rating of A, its equivalent or better issued by Moody's or S&P (or, if neither such organization then rates such obligations, by any nationally recognized rating organization in the United States) or, if unrated, deemed to be of a comparable quality by the Trustee; and (o) such other investments approved in writing by the Trustee; provided that the instruments described in the foregoing clauses shall have a maturity no later than the earliest date when such investments may be required for distribution. The bank acting as the Trustee or the Security Agent is hereby authorized, in making or disposing of any investment described herein, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or as a sub-agent of the Security Agent or acting for any third person or dealing as principal for its own account.

“Permitted Lessee” means any Person to whom the Company is permitted to lease any Airframe or any Engine pursuant to Section 7.02(a) of the Aircraft Security Agreement.

“Permitted Lien” has the meaning specified in Section 7.01 of the Aircraft Security Agreement.

“Person” means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof.

“Pre-funded Cash Collateral Amount” means, with respect to any Eligible Aircraft, the amount relating to such Eligible Aircraft set forth in **Schedule IV** of the Indenture.

“Pre-funded Collateral” has the meaning specified in the granting clause of the Indenture.

“Pre-funded Collateral Account” has the meaning specified in Section 1.03 of the Indenture.

“Pre-funded Collateral Securities Intermediary” has the meaning specified in Section 1.03 of the Indenture.

“Prospective International Interest” has the meaning ascribed to the defined term “prospective international interest” under the Cape Town Treaty.

“Purchase Agreement” means that certain Purchase Agreement, dated as of July 27, 2009, among the Company and the Initial Purchasers, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“Record Date” means the 15th day preceding any Payment Date, whether or not a Business Day.

“Register” has the meaning specified in Section 2.08 of the Indenture.

“Registrar” has the meaning specified in Section 2.08 of the Indenture.

“Registration Rights Agreement” means the Registration Rights Agreement, dated as of the Issuance Date, by and among the Company and the Initial Purchasers.

“Regulation S” means Regulation S under the Securities Act.

“Regulation S Definitive Note” has the meaning specified in Section 2.01(g) of the Indenture.

“Regulation S Global Note” has the meaning specified in Section 2.01(d) of the Indenture.

“Regulation S Restricted Period Legend” has the meaning specified in Section 2.02 of the Indenture.

“Related Indemnitee Group” has the meaning specified in Section 8.02(b) of the Indenture.

“Replacement Aircraft” means an Aircraft of which a Replacement Airframe is part.

“Replacement Airframe” means, with respect to any Aircraft to be replaced, an aircraft of the same make and model as such Aircraft or a comparable or improved model of the Manufacturer (except (a) Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (b) items installed or incorporated in or attached to such airframe from time to time that are excluded from the definition of Parts by clauses (b), (c) and (d) thereof), that shall have been made subject to the Lien of the Aircraft Security Agreement pursuant to Section 7.05 thereof, together with all Parts relating to such aircraft.

“Replacement Engine” means, with respect to any Engine to be replaced, an engine of the same make and model as such Engine (or an engine of the same or another manufacturer of a comparable or an improved model and suitable for installation and use on the related Airframe with the other related Engine (or any other Replacement Engine being substituted simultaneously therewith)) that shall have been made subject to the Lien of the Aircraft Security Agreement pursuant to Section 7.04 or Section 7.05 thereof, together with all Parts relating to such engine, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts.

“Request” means a written request for the action therein specified signed on behalf of the Company by any Officer and delivered to the Trustee. Each Request shall be accompanied by an Officers’ Certificate if and to the extent required by Section 11.03 of the Indenture.

“Responsible Officer” means, with respect to the Trustee, the Security Agent or U.S. Bank, any officer in the corporate trust administration department of the Trustee, the Security Agent or U.S. Bank, as applicable, or any other officer customarily performing functions similar to those performed by the Persons who at the time shall be such officers or to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with a particular subject.

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“Restricted Definitive Note” has the meaning specified in Section 2.01(e) of the Indenture.

“Restricted Global Note” has the meaning specified in Section 2.01(c) of the Indenture.

“Restricted Legend” has the meaning specified in Section 2.02 of the Indenture.

“Restricted Notes” has the meaning specified in Section 2.02 of the Indenture.

“Restricted Period” has the meaning specified in Section 2.01(d) of the Indenture.

“Rule 144A” means Rule 144A under the Securities Act.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“Section 1110” means Section 1110 of the Bankruptcy Code.

“Secured Obligations” has the meaning specified in Section 2.27 of the Indenture.

“Securities Act” means the Securities Act of 1933, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission and any government agency succeeding to its functions.

“Security Agent” has the meaning specified in the introductory paragraph of the Aircraft Security Agreement or, if as of any date of determination, the Aircraft Security Agreement have not been entered into pursuant to Section 1.03(c) of the Indenture, in the introductory paragraph of the form of the Aircraft Security Agreement attached to the Indenture as **Exhibit A**.

“Security Agent Liens” means any Lien attributable to U.S. Bank or the Security Agent with respect to any Aircraft, any interest therein or any other portion of the Collateral arising as a result of (i) claims against U.S. Bank or the Security Agent not related to its interest in any Aircraft or the administration of the Aircraft Collateral pursuant to the Aircraft Security Agreement, (ii) acts of U.S. Bank or the Security Agent not permitted by, or the failure of the Security Agent to take any action required by, the Operative Documents, (iii) claims against U.S. Bank or the Security Agent relating to Taxes or Claims that are excluded from the indemnification provided by Section 8.02 of the Indenture pursuant to said Section 8.02 or (iv) claims against U.S. Bank or the Security Agent arising out of the transfer by any such party of all or any portion of its interest in any Aircraft, the Collateral or the Operative Documents, except while an Event

of Default is continuing and prior to the time that the Security Agent has received all amounts due to it pursuant to the Indenture.

“Shelf Registration Statement” means the shelf registration statement which may be required with respect to the Notes to be filed by the Company with the SEC pursuant to the Registration Rights Agreement, other than the Exchange Offer Registration Statement.

“Short-Term Rating” means, for any entity, (i) in the case of Moody’s, the short-term senior unsecured debt rating of such entity and (ii) in the case of S&P, the short-term issuer credit rating of such entity.

“Special Record Date” has the meaning specified in Section 2.10 of the Indenture.

“Specified Person” has the meaning specified in Section 7.06(a) of the Aircraft Security Agreement.

“Tax” and “Taxes” mean all 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 and property taxes), withholdings, assessments, levies, imposts, duties or charges, of any nature whatsoever, together with any related penalties, fines, additions to tax or interest thereon imposed, withheld, 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.

“Temporary Regulation S Global Note” has the meaning specified in Section 2.01(d) of the Indenture.

“Threshold Percentage of Noteholders” means, as of a particular date of determination, the holders of at least a 25% in aggregate unpaid principal amount of all Notes Outstanding as of such date.

“TIA” means the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb) as in effect on the date of the Indenture; provided, however, that in the event the TIA is amended after such date, “TIA” means, to the extent required by any such amendment, the TIA as so amended.

“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, or any subsequent legislation that amends, supplements or supersedes such provisions.

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“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended from time to time.

“Trustee” has the meaning specified in the introductory paragraph of the Indenture.

“Trustee Liens” means any Lien attributable to U.S. Bank or the Trustee with respect to any Aircraft, any interest therein or any other portion of the Collateral arising as a result of (i) claims against U.S. Bank or the Trustee not related to its interest in any Aircraft or the administration of the Collateral pursuant to the Indenture or the Aircraft Security Agreement, as applicable, (ii) acts of U.S. Bank or the Trustee not permitted by, or the failure of U.S. Bank or the Trustee to take any action required by, the Operative Documents, (iii) claims against U.S. Bank or the Trustee relating to Taxes or Claims that are excluded from the indemnification provided by Section 8.02 of the Indenture pursuant to said Section 8.02 or (iv) claims against U.S. Bank or the Trustee arising out of the transfer by any such party of all or any portion of its interest in any Aircraft, the Collateral or the Operative Documents, except while an Event of Default is continuing and prior to the time that the Trustee has received all amounts due to it pursuant to the Indenture.

“UCC” means the Uniform Commercial Code as in effect in any applicable jurisdiction.

“United States” means the United States of America.

“U.S. Bank” means U.S. Bank Trust National Association, a national banking association, in its individual capacity, together with its successors and permitted assigns.

“Warranty Bill of Sale” means, with respect to any Aircraft, whichever is applicable: (a) the warranty (as to title) bill of sale covering such Aircraft, executed by the Manufacturer in favor of the Company and specifically referring to each related Engine, as well as the related Airframe, constituting a part of such Aircraft, or (b) collectively, (i) the warranty (as to title) bill of sale covering such Aircraft, executed by the Manufacturer in favor of Boeing Sales Corporation and specifically referring to each related Engine, as well as the related Airframe, constituting a part of such Aircraft and (ii) the warranty (as to title) bill of sale covering such Aircraft, executed by Boeing Sales Corporation in favor of the Company and specifically referring to each such Engine, as well as such Airframe, constituting a part of such Aircraft.

“Warranty Rights” means, with respect to any Aircraft, all right and interest of the Company in, to and under Parts 1, 2, 3, 4 and 6 of the Product Assurance Document (as defined in the applicable Aircraft Purchase Agreement), but only to the extent the same

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relate to continuing rights of the Company in respect of any warranty or indemnity, express or implied, pursuant to the Product Assurance Document with respect to the related Airframe, it being understood that such Warranty Rights exclude any and all other right, title and interest of the Company in, to and under such Aircraft Purchase Agreement and that such Warranty Rights are subject to the terms of the Manufacturer's Consent.

Annex A: Definitions
AA 2009-2 Secured Notes

AIRCRAFT SECURITY AGREEMENT

Dated as of _____, 2009¹

among

AMERICAN AIRLINES, INC.,

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity, except as expressly stated herein, but solely
as Security Agent

and

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity, except as expressly stated herein, but solely
as Trustee

Up to Nine Boeing 737-823 Aircraft
(Generic Manufacturer and Model BOEING 737-800),
Up to One Boeing 767-323ER Aircraft
(Generic Manufacturer and Model BOEING 767-300) and
Up to Two Boeing 777-223ER Aircraft
(Generic Manufacturer and Model BOEING 777-200)

¹ To insert the initial Aircraft Closing Date.

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AIRCRAFT SECURITY AGREEMENT

This AIRCRAFT SECURITY AGREEMENT, dated as of _____, 2009², is made by and among AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and permitted assigns, the "Company"), U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly stated herein, but solely as security agent hereunder (together with its permitted successors in such capacity hereunder, the "Security Agent") and U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as expressly stated herein, but solely as trustee under the Indenture (such term and other capitalized terms used herein without definition being defined as provided in Article I) (together with its permitted successors in such capacity under the Indenture, the "Trustee").

WITNESSETH:

WHEREAS, the Company and the Trustee are parties to the Indenture providing for the issuance of certain Notes by the Company;

WHEREAS, the parties desire by this Aircraft Security Agreement, among other things, to provide for the assignment, mortgage and pledge by the Company to the Security Agent (for the benefit and security of the Noteholders and the Indemnitees), as part of the Aircraft Collateral hereunder, among other things, of all of the Company's estate, right, title and interest in and to the Aircraft, to secure, among other things, certain obligations of the Company under the Indenture and the Notes; and

WHEREAS, all things necessary to make this Aircraft Security Agreement a legal, valid and binding obligation of the Company for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have occurred;

GRANTING CLAUSE

NOW, THEREFORE, to secure (i) the prompt and complete payment (whether at stated maturity, by acceleration or otherwise) of principal of, interest on (including interest on any overdue amounts), and Make-Whole Amount, if any, with respect to, and all other amounts due under, the Notes, (ii) all other amounts payable by the Company under the Operative Documents and (iii) the performance and observance by the Company of all the agreements and covenants to be performed or observed by the

² To insert the initial Aircraft Closing Date.

Company for the benefit of the Noteholders and the Indemnitees contained in the Operative Documents, and in consideration of the premises and of the covenants contained in the Operative Documents, and for other good and valuable consideration given by the Noteholders and the Indemnitees to the Company at or before the initial Aircraft Closing Date, the receipt and adequacy of which are hereby acknowledged, the Company does hereby grant, bargain, sell, convey, transfer, mortgage, assign, pledge and confirm unto the Security Agent and its successors in trust and permitted assigns, for the security and benefit of the Noteholders and the Indemnitees, a first priority security interest in, and mortgage lien on, all estate, right, title and interest of the Company in, to and under, all and singular, the following described properties, rights, interests and privileges, whether now owned or hereafter acquired (which, collectively, together with all property hereafter specifically subject to the Lien of this Aircraft Security Agreement by the terms hereof or any supplement hereto, are included within, and are referred to as, the "Aircraft Collateral"):

(1) each Aircraft, including the Airframe and the Engines relating thereto, whether or not any such Engine may from time to time be installed on the related Airframe, any other Airframe or any other airframe or any other aircraft, and any and all Parts relating thereto, and, to the extent provided herein, all substitutions and replacements of, and additions, improvements, accessions and accumulations to, each such Aircraft, including the Airframe, the Engines and any and all Parts (in each case other than any substitutions, replacements, additions, improvements, accessions and accumulations that constitute items excluded from the definition of Parts by clauses (b), (c) and (d) thereof) relating thereto (each such Airframe and Engines as more particularly described in the applicable Aircraft Security Agreement Supplement executed and delivered with respect to the applicable Aircraft on the applicable Aircraft Closing Date for such Aircraft or with respect to any substitutions or replacements therefor), and together with all flight records, logs, manuals, maintenance data and inspection, modification and overhaul records at any time required to be maintained with respect to such Aircraft in accordance with the rules and regulations of the FAA if such Aircraft is registered under the laws of the United States or the rules and regulations of the government of the country of registry if such Aircraft is registered under the laws of a jurisdiction other than the United States;

(2) the Warranty Rights relating to each Aircraft, together with all rights, powers, privileges, options and other benefits of the Company under the same;

(3) all requisition proceeds with respect to each Aircraft, or the Airframe, any Engine or any Part of such Aircraft, and all insurance proceeds with respect to each Aircraft, or the Airframe, any Engine or any Part of such Aircraft, but excluding all proceeds of, and rights under, any insurance maintained by the Company and not required, or in excess of that required, under Section 7.06(b);

(4) all rents, revenues and other proceeds collected by the Security Agent pursuant to Section 4.02(a), all moneys and securities from time to time paid or deposited or required to be paid or deposited to or with the Security Agent by or for the account of the Company pursuant to any term of any Operative Document and held or required to be held by the Security Agent hereunder or thereunder, including the Aircraft Securities Account and all monies and securities deposited into the Aircraft Securities Account; and

(5) all proceeds of the foregoing;

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions, so long as no Event of Default shall have occurred and be continuing, the Company shall have the right, to the exclusion of the Security Agent, (i) to quiet enjoyment of each Aircraft, Airframe, Part and Engine, and to possess, use, retain and control each Aircraft, Airframe, Part and Engine and all revenues, income and profits derived therefrom and (ii) with respect to the Warranty Rights relating to each Aircraft, to exercise in the Company's name all rights and powers of the Buyer (as defined in the applicable Aircraft Purchase Agreement) under such Warranty Rights and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity or other obligation under such Warranty Rights; provided, further, that notwithstanding the occurrence and continuation of an Event of Default, the Security Agent shall not enter into any amendment or modification of any Aircraft Purchase Agreement that would alter the rights, benefits or obligations of the Company thereunder;

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Security Agent, and its successors and permitted assigns, in trust for the equal and proportionate benefit and security of the Noteholders and the Indemnitees, except as otherwise provided in this Aircraft Security Agreement or the Indenture, including Section 2.13 of the Indenture, the definition of "Outstanding" and Article III of the Indenture, without any priority of any one Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and in all cases and as to all property specified in paragraphs (1) through (5) inclusive above, subject to the terms and provisions set forth in this Aircraft Security Agreement and the Indenture.

It is expressly agreed that notwithstanding anything herein to the contrary, the Company shall remain liable under each Aircraft Purchase Agreement to perform all of its obligations thereunder, and, except to the extent expressly provided in any Operative Document, none of any Noteholder, the Security Agent or any other Indemnitee shall be required or obligated in any manner to perform or fulfill any obligations of the Company under or pursuant to any Operative Document, or to have any obligation or liability under any Aircraft Purchase Agreement by reason of or arising out of the assignment hereunder, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim or take any action to collect or enforce the payment of any amount that may have been assigned to it or to which it may be entitled at any time or times.

Notwithstanding anything herein to the contrary (but without in any way releasing the Company from any of its duties or obligations under any Aircraft Purchase Agreement), the Noteholders, the Security Agent and the other Indemnitees confirm for the benefit of the Manufacturer that in exercising any rights under the Warranty Rights relating to any Aircraft, or in making any claim with respect to any such Aircraft or other goods and services delivered or to be delivered pursuant to the related Aircraft Purchase Agreement, the terms and conditions of such Aircraft Purchase Agreement relating to such Warranty Rights, including, without limitation, the warranty disclaimer provisions for the benefit of the Manufacturer, shall apply to and be binding upon the Noteholders, the Security Agent and the other Indemnitees to the same extent as the Company. The Company hereby directs the Manufacturer, so long as an Event of Default shall have occurred and be continuing, to pay all amounts, if any, payable to the Company pursuant to the Warranty Rights relating to any Aircraft directly to the Security Agent to be held and applied as provided herein. Nothing contained herein shall subject the Manufacturer to any liability to which it would not otherwise be subject under any Aircraft Purchase Agreement or modify in any respect the contract rights of the Manufacturer thereunder except as provided in the applicable Manufacturer's Consent.

Subject to the terms and conditions hereof, the Company does hereby irrevocably constitute the Security Agent the true and lawful attorney of the Company (which appointment is coupled with an interest) with full power (in the name of the Company or otherwise) to ask for, require, demand and receive any and all monies and claims for monies (in each case including insurance and requisition proceeds) due and to become due to the Company under or arising out of any Aircraft Purchase Agreement (to the extent assigned hereby), and all other property which now or hereafter constitutes part of the Aircraft Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Security Agent may deem to be necessary or advisable in the premises;

provided that the Security Agent shall not exercise any such rights except during the continuance of an Event of Default. The Company agrees that, promptly upon receipt thereof, to the extent required by the Operative Documents, it will transfer to the Security Agent any and all monies from time to time received by the Company constituting part of the Aircraft Collateral, for distribution by the Security Agent pursuant to this Aircraft Security Agreement.

The Company does hereby warrant and represent that it has not sold, assigned or pledged, and hereby covenants and agrees that it will not sell, assign or pledge, so long as this Aircraft Security Agreement shall remain in effect and the Lien hereof shall not have been released pursuant to the provisions hereof, any of its estate, right, title or interest hereby assigned, to any Person other than the Security Agent, except as otherwise provided in or permitted by any Operative Document.

The Company agrees that at any time and from time to time, upon the written request of the Security Agent, the Company shall promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Security Agent may reasonably deem necessary to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Security Agent the full benefit of the assignment hereunder and of the rights and powers herein granted; provided that any instrument or other document so executed by the Company will not expand any obligations or limit any rights of the Company in respect of the transactions contemplated by the Operative Documents.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. For all purposes of this Aircraft Security Agreement, unless the context otherwise requires, capitalized terms used but not defined herein have the respective meanings set forth or incorporated by reference in **Annex A**.

Section 1.02. Other Definitional Provisions.

(a) Singular and Plural. The definitions stated herein and in **Annex A** apply equally to both the singular and the plural forms of the terms defined.

(b) References to Parts. All references in this Aircraft Security Agreement to designated “Articles”, “Sections”, “Subsections”, “Schedules”, “Exhibits”, “Annexes” and other subdivisions are to the designated Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision of this Aircraft Security Agreement, unless otherwise specifically stated.

(c) Reference to the Whole. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Aircraft Security Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision.

(d) Including Without Limitation. Unless the context otherwise, requires, whenever the words “including”, “include” or “includes” are used herein, they shall be deemed to be followed by the phrase “without limitation”.

(e) Reference to Government. All references in this Aircraft Security Agreement to a “government” are to such government and any instrumentality or agency thereof.

(e) Reference to Persons. All references in this Aircraft Security Agreement to a Person shall include successors and permitted assigns of such Person.

ARTICLE II

REPRESENTATIONS AND WARRANTIES, ETC.

Section 2.01. Representations and Warranties of the Company. As of the date hereof and as of each Aircraft Closing Date, if any, following the date hereof, with respect to each Aircraft subjected to the Lien of this Aircraft Security Agreement on such date, the Company represents and warrants that:

(a) Organization; Authority; Qualification. The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware, is a Certificated Air Carrier, is a Citizen of the United States, has the corporate power and authority to own or hold under lease its properties and to enter into and perform its obligations under this Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft and the applicable Manufacturer’s Consent relating to such Aircraft and is duly qualified to do business as a foreign corporation in good standing in each other jurisdiction in which the failure to so qualify would have a material adverse effect on the consolidated financial condition of the Company

and its subsidiaries, considered as a whole, and its jurisdiction of organization (as such term is used in Article 9 of the Uniform Commercial Code as in effect in the State of Delaware) is Delaware.

(b) Corporate Action and Authorization; No Violations. The execution, delivery and performance by the Company of this Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft and the applicable Manufacturer's Consent relating to such Aircraft have been duly authorized by all necessary corporate action on the part of the Company, do not require any stockholder approval or approval or consent of any trustee or holder of any indebtedness or obligations of the Company, except such as have been duly obtained and are in full force and effect, and do not contravene any law, governmental rule, regulation, judgment or order binding on the Company or the certificate of incorporation or by-laws of the Company or contravene or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under this Aircraft Security Agreement or the Indenture) upon the property of the Company under, any material indenture, mortgage, contract or other agreement to which the Company is a party or by which it or any of its properties may be bound or affected.

(c) Governmental Approvals. Neither the execution and delivery by the Company of this Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft or the applicable Manufacturer's Consent relating to such Aircraft, nor the consummation by the Company of any of the transactions contemplated hereby or thereby, requires the authorization, consent or approval of, the giving of notice to, the filing or registration with or the taking of any other action in respect of, the Department of Transportation, the FAA or any other federal or state governmental authority or agency, or the International Registry, except for (i) the orders, permits, waivers, exemptions, authorizations and approvals of the regulatory authorities having jurisdiction over the Company's ownership or use of such Aircraft required to be obtained on or prior to such date, which orders, permits, waivers, exemptions, authorizations and approvals have been duly obtained and are, or on such date will be, in full force and effect, (ii) the filings referred to in Section 2.01(e), (iii) authorizations, consents, approvals, notices and filings required to be obtained, taken, given or made under securities or Blue Sky or similar laws of the various states and foreign jurisdictions, and (iv) consents, approvals, notices, registrations and other actions required to be obtained, given, made or taken only after such date.

(d) Valid and Binding Agreements. This Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft and the applicable Manufacturer's Consent relating to such Aircraft have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity and except as limited by applicable laws that may affect the remedies provided in this Aircraft Security Agreement, which laws, however, do not make the remedies provided in this Aircraft Security Agreement inadequate for the practical realization of the rights and benefits intended to be provided thereby.

(e) Filings and Recordation. Except for (i) the filing for recordation pursuant to the Transportation Code of (x) in the case of filings on the date hereof, this Aircraft Security Agreement (with the applicable Aircraft Security Agreement Supplement describing such Aircraft attached) and (y) in the case of filings on any subsequent Aircraft Closing Date, the applicable Aircraft Security Agreement Supplement describing such Aircraft, (ii) with respect to the security interests created by this Aircraft Security Agreement, together with the applicable Aircraft Security Agreement Supplement describing such Aircraft, the filing of financing statements (and continuation statements at periodic intervals) under the Uniform Commercial Code of the State of Delaware, and (iii) the registration on the International Registry of the International Interests (or Prospective International Interests) created under this Aircraft Security Agreement (as supplemented by the applicable Aircraft Security Supplement describing such Aircraft), no further filing or recording of any document is necessary or advisable under the laws of the United States or any state thereof as of such date in order to establish and perfect the security interest in such Aircraft created under this Aircraft Security Agreement in favor of the Security Agent as against the Company and any third parties in any applicable jurisdiction in the United States.

(f) Title. The Company has good title to such Aircraft, free and clear of Liens other than Permitted Liens. Such Aircraft has been duly certified by the FAA as to type and airworthiness in accordance with the terms of the Indenture. In the case of the date hereof, this Aircraft Security Agreement (with the applicable Aircraft Security Agreement Supplement describing such Aircraft attached), or, in the case of any subsequent Aircraft Closing Date, the applicable Aircraft Security Agreement Supplement describing such Aircraft, as applicable, has been duly filed for recordation (or shall be in the process of being so duly

filed for recordation) with the FAA pursuant to the Transportation Code. Such Aircraft is duly registered with the FAA in the name of the Company.

(g) Section 1110. The Security Agent is entitled to the benefits of Section 1110 with respect to such Aircraft.

(h) Security Interest. This Aircraft Security Agreement creates in favor of the Trustee, for the benefit of the Noteholders and the Indemnitees, a valid and perfected Lien on such Aircraft, subject to no Lien, except Permitted Liens. There are no Liens of record with the FAA on such Aircraft on such date other than the Lien of this Aircraft Security Agreement. Other than (x) the International Interests (or Prospective International Interests) created under this Aircraft Security Agreement (as supplemented by the applicable Aircraft Security Agreement Supplement describing such Aircraft) and (y) any International Interests (or Prospective International Interests) that appear on the International Registry as having been discharged, no International Interests with respect to such Aircraft have been registered on the International Registry as of such date.

Section 2.02. Representations, Warranties and Covenants of U.S. Bank. As of the date hereof and as of each Aircraft Closing Date, if any, following the date hereof, with respect to each Aircraft subjected to the Lien of this Aircraft Security Agreement on such date, each of U.S. Bank, generally, and each of the Security Agent and the Trustee, as it relates to it, represents, warrants and covenants that:

(a) Organization; Authority. U.S. Bank is a national banking association duly organized and validly existing in good standing under the laws of the United States, is eligible to be the Security Agent under Section 8.01 of this Aircraft Security Agreement, will promptly comply with Section 8.01(a) of this Aircraft Security Agreement and has full power, authority and legal right to enter into and perform its obligations under this Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft and the applicable Manufacturer's Consent relating to such Aircraft. U.S. Bank is a Citizen of the United States (without the use of a voting trust agreement), and will resign as the Security Agent under this Aircraft Security Agreement promptly after it obtains actual knowledge that it has ceased to be such a Citizen of the United States.

(b) Due Authorization; No Violations. The execution, delivery and performance by U.S. Bank, individually or in its capacity as Security Agent or Trustee, as the case may be, of this Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft and the

applicable Manufacturer's Consent relating to such Aircraft, to the extent it is a party thereto, the performance by U.S. Bank, individually or in its capacity as Security Agent or Trustee, as the case may be, of its obligations hereunder and, to the extent it is a party thereto, thereunder and the consummation on such date of the transactions contemplated hereby and (to the extent it is a party thereto) thereby: (i) have been duly authorized by all necessary action on the part of U.S. Bank, the Security Agent or the Trustee, as the case may be, (ii) and do not violate any law or regulation of the United States or of the state of the United States in which U.S. Bank is located and which governs the banking and trust powers of U.S. Bank or any order, writ, judgment or decree of any court, arbitrator or governmental authority applicable to U.S. Bank, the Security Agent, the Trustee or any of their assets, (iii) will not violate any provision of the articles of association or by-laws of U.S. Bank and (iv) will not violate any provision of, or constitute a default under, any mortgage, indenture, contract, agreement or undertaking to which any of U.S. Bank, the Security Agent or the Trustee is a party or by which any of them or their respective properties may be bound or affected.

(c) Approvals. Neither the execution and delivery by U.S. Bank, individually or in its capacity as Security Agent or Trustee, as the case may be, of this Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft or the Manufacturer's Consent relating to such Aircraft, to the extent it is a party thereto, nor the consummation by U.S. Bank, the Security Agent or the Trustee of any of the transactions contemplated hereby or (to the extent it is a party thereto) thereby, requires the authorization, consent or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, (i) any governmental authority or agency of the United States or the state of the United States where U.S. Bank is located and regulating the banking and trust powers of U.S. Bank, or (ii) any trustee or other holder of any debt of U.S. Bank.

(d) Valid and Binding Agreements. This Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft and the applicable Manufacturer's Consent relating to such Aircraft have been duly executed and delivered by, to the extent it is a party thereto, U.S. Bank, individually and in its capacity as Security Agent and Trustee and, to the extent it is a party thereto, constitute the legal, valid and binding obligations of U.S. Bank, the Security Agent and the Trustee, as the case may be, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy,

insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

(e) No Security Agent Liens. It unconditionally agrees with and for the benefit of the Company that it will not directly or indirectly create, incur, assume or suffer to exist any Security Agent Lien attributable to it, and it agrees that it will, at its own cost and expense, promptly take such action as may be necessary to discharge and satisfy in full any such Lien.

(f) Certain Tax Matters. There are no Taxes payable by U.S. Bank, the Security Agent or the Trustee imposed by the Commonwealth of Massachusetts or any political subdivision or taxing authority thereof, in connection with the execution, delivery or performance by U.S. Bank or the Security Agent of this Aircraft Security Agreement or any Aircraft Security Agreement Supplement, to the extent it is a party thereto (other than franchise or other taxes based on or measured by any fees or compensation received by any such Person for services rendered in connection with the transactions contemplated by hereby or, if applicable, thereby).

(g) No Proceedings. There are no pending or, to its knowledge, threatened actions or proceedings against U.S. Bank, the Security Agent or the Trustee before any court or administrative agency which individually or in the aggregate, if determined adversely to it, would materially adversely affect the ability of U.S. Bank, the Security Agent or the Trustee to perform its obligations under this Aircraft Security Agreement, the applicable Aircraft Security Agreement Supplement describing such Aircraft or, to the extent it is a party thereto, the Manufacturer's Consent relating to such Aircraft.

ARTICLE III

CERTAIN PAYMENTS

Section 3.01. Payments After Event of Default. Except as otherwise provided in Section 3.02, all payments received and amounts held or realized by the Security Agent (including any amounts realized by the Security Agent from the exercise of remedies pursuant to Article IV) after both an Event of Default shall have occurred and be continuing and the Notes shall have become due and payable pursuant to Section 4.02(a) of the Indenture (and the relevant declaration shall not have been rescinded and annulled pursuant to Section 4.02(d) of the Indenture), as well as all payments or amounts then held by the Security Agent as part of the Aircraft Collateral, shall be promptly distributed

by the Security Agent to the Trustee to be applied in accordance with Section 3.03 of the Indenture.

Section 3.02. Certain Payments.

(a) Distributions by the Security Agent. Any payments or amounts received by the Security Agent for which provision as to the distribution, application or holding thereof is made in this Aircraft Security Agreement other than in this Article III (except for any provision of this Aircraft Security Agreement, with respect to any payments or amounts, expressly stating that such payments or amounts shall be distributed, applied or held, as the case may be, by the Trustee) shall be distributed, applied or held, as the case may be, by the Security Agent as provided in those provisions.

(b) Distributions by the Trustee. Any payments or amounts received by the Security Agent not constituting part of the Aircraft Collateral or otherwise for which no provision as to the distribution, application or holding thereof is made in this Aircraft Security Agreement or for which a provision as to the distribution, application or holding thereof is made in the Indenture shall be distributed by the Security Agent to the Trustee to be distributed, applied or held, as the case may be, in accordance with the Indenture or another Operative Document, if applicable.

(c) Amounts to be Paid Over. Any payments or amounts received by the Trustee for which provision as to the distribution, application or holding thereof is made in this Aircraft Security Agreement (except for any provision of this Aircraft Security Agreement, with respect to any payments or amounts, expressly stating that such payments or amounts shall be distributed, applied or held by the Trustee), or for which any other Operative Document provides that such payments or amounts are to be distributed, applied or held by the Security Agent, shall be paid by the Trustee over to the Security Agent to be distributed, applied or held, as the case may be, by the Security Agent in accordance with this Aircraft Security Agreement or such other Operative Document, if applicable.

(d) Amounts Payable to the Company. Without limiting any of the foregoing, any payments or amounts received by the Security Agent or the Trustee which are payable to the Company pursuant to any of the provisions of this Aircraft Security Agreement other than those set forth in this Article III (including Section 5.06, Section 7.05(c) and Section 7.06(d) hereof) shall be paid by the Security Agent or the Trustee, as the case may be, to the Company.

Section 3.03. Payments by the Company. Except to the extent expressly provided herein, all amounts payable by the Company hereunder shall be payable by the

Company to the Security Agent at the Corporate Trust Office of the Security Agent. The Company shall not have any responsibility for the distribution of any such payment to the Trustee or any Noteholder, if applicable.

Section 3.04. Payments to the Company. Any amounts payable hereunder by the Security Agent or the Trustee to the Company shall be paid to the Company by wire transfer of funds of the type received by the Security Agent or the Trustee, as the case may be, at such office and to such account or accounts of such entity or entities as shall be designated by notice from the Company to the Security Agent or the Trustee, as the case may be, from time to time.

Section 3.05. Aircraft Securities Account. U.S. Bank agrees to act as an Eligible Institution under this Aircraft Security Agreement in accordance with the provisions of this Aircraft Security Agreement (in such capacity, the "Aircraft Securities Intermediary"). Except in its capacity as Security Agent, U.S. Bank waives any claim or lien against any Eligible Account it may have, by operation of law or otherwise, for any amount owed to it by the Company. The Aircraft Securities Intermediary hereby agrees that, notwithstanding anything to the contrary in this Aircraft Security Agreement, (i) any monies (including for the purpose of this Section 3.05 any cash received by the Security Agent pursuant to Section 7.05(c) or Section 7.06(d) or otherwise) held by the Security Agent hereunder as part of the Aircraft Collateral, any investment earnings thereon or other Permitted Investments in which such amounts are invested will be credited to an Eligible Account (the "Aircraft Securities Account") for which it is a "securities intermediary" (as defined in Section 8-102(a)(14) of the NY UCC) and the Security Agent is the "entitlement holder" (as defined in Section 8-102(a)(7) of the NY UCC) of the "security entitlement" (as defined in Section 8-102(a)(17) of the NY UCC) with respect to each "financial asset" (as defined in Section 8-102(a)(9) of the NY UCC) credited to such Eligible Account, (ii) all such amounts, Permitted Investments and all other property acquired with cash credited to the Aircraft Securities Account will be credited to the Aircraft Securities Account, (iii) all items of property (whether cash, investment property, Permitted Investments, other investments, securities, instruments or other property) credited to the Aircraft Securities Account will be treated as a "financial asset" under Article 8 of the NY UCC, (iv) its "securities intermediary's jurisdiction" (as defined in Section 8-110(e) of the NY UCC) with respect to the Aircraft Securities Account is the State of New York, and (v) all securities, instruments and other property in order or registered form and credited to the Aircraft Securities Account shall be payable to or to the order of, or registered in the name of, the Aircraft Securities Intermediary or shall be indorsed to the Aircraft Securities Intermediary or in blank, and in no case whatsoever shall any financial asset credited to the Aircraft Securities Account be registered in the name of the Company, payable to or to the order of the Company or

pecially indorsed to the Company except to the extent the foregoing have been specially indorsed by the Company to the Aircraft Securities Intermediary or in blank. The Security Agent agrees that it will hold (and will indicate clearly in its books and records that it holds) its “security entitlements” to the “financial assets” credited to the Aircraft Securities Account in trust for the benefit and security of the Noteholders and the Indemnitees as part of the Aircraft Collateral as set forth in this Aircraft Security Agreement. The Company acknowledges that, by reason of the Security Agent being the “entitlement holder” in respect of the Aircraft Securities Account as provided above, the Security Agent shall have the sole right and discretion, subject only to the terms of this Aircraft Security Agreement, to give all “entitlement orders” (as defined in Section 8-102(a)(8) of the NY UCC) with respect to the Aircraft Securities Account and any and all financial assets and other property credited thereto to the exclusion of the Company. If any Person asserts any Lien (including, without limitation, any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Aircraft Securities Account or any financial asset carried therein, U.S. Bank will promptly notify the Security Agent and the Company thereof.

ARTICLE IV

AIRCRAFT SECURITY EVENTS OF DEFAULT; REMEDIES OF SECURITY AGENT

Section 4.01. Aircraft Security Events of Default. Each of the following events shall constitute an “Aircraft Security Event of Default” whether such event shall be voluntary or involuntary or shall 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 Aircraft Security Event of Default shall be deemed to exist and continue so long as, but only as long as, it shall not have been remedied or explicitly waived:

(a) the Company shall fail to make payment when the same shall become due of any amount due to the Security Agent under this Aircraft Security Agreement, and such failure shall continue unremedied for 30 days after the receipt by the Company of written notice thereof from the Security Agent or the Trustee;

(b) the Company shall fail to carry and maintain (or cause to be maintained) insurance or indemnity on or with respect to any Aircraft in accordance with the provisions of Section 7.06; provided that no such failure to carry and maintain insurance shall constitute an Aircraft Security Event of Default until the earlier of (i) the date such failure shall have continued unremedied for a

period of 30 days after receipt by the Security Agent of the notice of cancellation or lapse referred to in Section 7.06 or (ii) the date such insurance is not in effect as to the Security Agent;

(c) the Company shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Aircraft Security Agreement, and such failure shall continue unremedied for a period of 60 days after receipt by the Company of written notice thereof from the Security Agent or the Trustee; provided that, if such failure is capable of being remedied, no such failure shall constitute an Aircraft Security Event of Default for a period of one year after such notice is received by the Company so long as the Company is diligently proceeding to remedy such failure; or

(d) any representation or warranty made by the Company herein shall prove to have been incorrect in any material respect at the time made, and such incorrectness shall continue to be material to the transactions contemplated hereby and shall continue unremedied for a period of 60 days after receipt by the Company of written notice thereof from the Security Agent or the Trustee; provided that, if such incorrectness is capable of being remedied, no such incorrectness shall constitute an Aircraft Security Event of Default for a period of one year after such notice is received by the Company so long as the Company is diligently proceeding to remedy such incorrectness;

provided that notwithstanding anything to the contrary contained in this Section 4.01, any failure of the Company to perform or observe any covenant, condition or agreement shall not constitute an Aircraft Security Event of Default if such failure arises by reason of an event referred to in clause (B) of the definition of “Event of Loss” so long as the Company is continuing to comply with all of the terms of Section 7.05.

Section 4.02. Remedies.

(a) General. If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, following the acceleration of the Notes pursuant to Section 4.02(a) of the Indenture (so long as the relevant declaration shall not have been rescinded and annulled pursuant to Section 4.02(d) of the Indenture), then and in every such case the Security Agent may, and upon the written instructions of the Trustee, the Security Agent shall, do one or more of the following to the extent permitted by, and subject to compliance with the requirements of, applicable law then in effect (provided that during any period any Airframe or any Engine is subject to the CRAF Program and is in possession of or being operated under the direction of the United States government or an agency or instrumentality of the United States, the Security Agent shall

not, on account of any Event of Default, be entitled to exercise or pursue any of the powers, rights or remedies described in this Section 4.02 in such manner as to limit the Company's control under this Aircraft Security Agreement (or any Permitted Lessee's control under any Lease) of such Airframe, any Engines installed thereon or any such Engine, unless at least 60 days' (or such lesser period as may then be applicable under the CRAF Program of the United States government) prior written notice of default hereunder shall have been given by the Security Agent by registered or certified mail to the Company (and any such Permitted Lessee) with a copy addressed to the Contracting Office Representative or other appropriate person for the Air Mobility Command of the United States Air Force under any contract with the Company or such Permitted Lessee relating to the applicable Aircraft):

(i) cause the Company, upon the written demand of the Security Agent, at the Company's expense, to deliver promptly, and the Company shall deliver promptly, all or such part of any Airframe or any Engine as the Security Agent may so demand to the Security Agent or its order, or, if the Company shall have failed to so deliver any such Airframe or any such Engine after such demand, the Security Agent, at its option, may enter upon the premises where all or any part of any such Airframe or any such Engine are located and take immediate possession of and remove the same together with any engine which is not an Engine but which is installed on such Airframe, subject to all of the rights of the owner, lessor, lienor or secured party of such engine; provided that any such Airframe with an engine (which is not an Engine) installed thereon may be flown or returned only to a location within the continental United States, and such engine shall be held at the expense of the Company for the account of any such owner, lessor, lienor, secured party or, if such engine is owned by the Company, may at the option of the Company with the consent of the Security Agent (which will not be unreasonably withheld) or at the option of the Security Agent with the consent of the Company (which will not be unreasonably withheld), be exchanged with the Company for an Engine in accordance with the provisions of Section 7.05(b);

(ii) sell all or any part of any Airframe and any Engine at public or private sale, whether or not the Security Agent shall at the time have possession thereof, as the Security Agent may determine, or otherwise dispose of, hold, use, operate, lease to others (including the Company) or keep idle all or any part of any such Airframe or any such Engine as the Security Agent, in its sole discretion, determines, all free and clear of any rights or claims of the Company, and the proceeds of such sale or disposition shall be distributed as set forth in Section 3.01; or

(iii) exercise any other remedy of a secured party under the Uniform Commercial Code of the State of New York (whether or not in effect in the jurisdiction in which enforcement is sought);

provided that, notwithstanding anything to the contrary set forth herein or in any other Operative Document, (i) as permitted by Article 15 of the Cape Town Convention, the provisions of Chapter III of the Cape Town Convention are hereby excluded and made inapplicable to this Aircraft Security Agreement and the other 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 Aircraft Security Agreement 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. In furtherance of the foregoing, the parties hereto agree that the exercise of remedies hereunder and the other Operative Documents is subject to other applicable law, including without limitation, the Uniform Commercial Code (as in effect in the State of New York) and the Bankruptcy Code, and that nothing herein derogates from the rights of the Company or the Security Agent under or pursuant to such other applicable law, including without limitation, the Uniform Commercial Code (as in effect in the State of New York) or the Bankruptcy Code.

Upon every such taking of possession of any of the Aircraft Collateral under this Section 4.02, the Security Agent may, from time to time, at the expense of the Aircraft Collateral, make all such expenditures for maintenance, insurance, repairs, alterations, additions and improvements to and of the Aircraft Collateral as it deems necessary to cause the Aircraft Collateral to be in such condition as required by the provisions of this Aircraft Security Agreement. In each such case, the Security Agent may maintain, use, operate, store, insure, lease, control, manage or dispose of the Aircraft Collateral and may exercise all rights and powers of the Company relating to the Aircraft Collateral as the Security Agent reasonably deems best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management or disposition of the Aircraft Collateral or any part thereof as the Security Agent may reasonably determine; and the Security Agent shall be entitled to collect and receive directly all tolls, rents, revenues, issues, income, products and profits of the Aircraft Collateral and every part thereof, without prejudice, however, to the rights of the Security Agent under any provision of this Aircraft Security Agreement to collect and receive all cash held by, or required to be deposited with, the Security Agent hereunder. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of the use, operation, storage, insurance, leasing, control, management or disposition of the Aircraft Collateral, and of all maintenance, repairs,

replacements, alterations, additions and improvements, and to make all payments that the Security Agent is required or elects to make, if any, for Taxes, insurance or other proper charges assessed against or otherwise imposed upon the Aircraft Collateral or any part thereof, and all other payments which the Security Agent is required or expressly authorized to make under any provision of this Aircraft Security Agreement, as well as just and reasonable compensation for the services of the Security Agent, and shall otherwise be distributed as set forth in Section 3.01.

If an Event of Default shall have occurred and be continuing and the Notes shall either have been accelerated pursuant to Section 4.02(a) of the Indenture (and the relevant declaration shall not have been rescinded and annulled pursuant to Section 4.02(d) of the Indenture) or have become due at maturity and the Security Agent shall be entitled to exercise rights hereunder, at the request of the Security Agent, the Company shall promptly execute and deliver to the Security Agent such instruments of title and other documents as the Security Agent reasonably deems necessary or advisable to enable the Security Agent or a sub-agent or representative designated by the Security Agent, at such time or times and place or places as the Security Agent may specify, to obtain possession of all or any part of the Aircraft Collateral to which the Security Agent shall at the time be entitled hereunder. If the Company shall for any reason fail to execute and deliver such instruments and documents after such request by the Security Agent, the Security Agent may seek a judgment conferring on the Security Agent the right to immediate possession and requiring the Company to execute and deliver such instruments and documents to the Security Agent, to the entry of which judgment the Company hereby specifically consents to the fullest extent it may lawfully do so. All actual and reasonable expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Aircraft Security Agreement.

(b) Notice of Sale; Bids; Etc. The Security Agent shall give the Company at least 30 days' prior written notice of any public sale or of the date on or after which any private sale will be held, which notice the Company hereby agrees to the extent permitted by applicable law is reasonable notice. Any Noteholder or Noteholders shall be entitled to bid for and become the purchaser of any Aircraft Collateral offered for sale pursuant to this Section 4.02 and to credit against the purchase price bid at such sale by such Noteholders all or any part of the unpaid amounts owing to such Noteholders under the Operative Documents and secured by the Lien of this Aircraft Security Agreement (but only to the extent that such purchase price would have been paid to such Noteholders pursuant to Article III of the Indenture if such purchase price were paid in cash and the foregoing provision of this Section 4.02(b) were not given effect). The Security Agent may exercise such right without possession or production of the Notes or proof of ownership thereof, and as a representative of the Noteholders may exercise such right

without notice to the Noteholders as party to any suit or proceeding relating to the foreclosure of any Aircraft Collateral. The Company shall also be entitled to bid for and become the purchaser of any Aircraft Collateral offered for sale pursuant to this Section 4.02.

(c) Power of Attorney, Etc. To the extent permitted by applicable law, the Company irrevocably appoints, while an Event of Default has occurred and is continuing, the Security Agent the true and lawful attorney-in-fact of the Company (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Aircraft Security Agreement, whether pursuant to foreclosure or power of sale, or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as may be necessary or appropriate, with full power of substitution, the Company hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law; provided that if so requested by the Security Agent or any purchaser, the Company shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Security Agent or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may reasonably be designated in any such request.

Section 4.03. Remedies Cumulative. To the extent permitted under applicable law, each and every right, power and remedy specifically given to the Security Agent herein or otherwise in this Aircraft Security Agreement or in any other Operative Document shall be cumulative and shall be in addition to every other right, power and remedy specifically given herein or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically given herein or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Security Agent, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Security Agent in the exercise of any right, remedy or power or in the pursuance of any remedy shall, to the extent permitted by applicable law, impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Company or to be an acquiescence therein.

Section 4.04. Discontinuance of Proceedings. In case the Security Agent shall have instituted any proceedings to enforce any right, power or remedy under this Aircraft Security Agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely

to the Security Agent, then and in every such case the Company and the Security Agent shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Aircraft Collateral, and all rights, remedies and powers of the Security Agent shall continue as if no such proceedings had been undertaken (but otherwise without prejudice).

Section 4.05. Waiver of Past Defaults. Upon written instruction from the Trustee, the Security Agent shall waive any past Default hereunder and its consequences, and upon any such waiver such Default shall cease to exist and any Event of Default that is an Aircraft Security Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Aircraft Security Agreement, the Indenture and the other Operative Documents, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 4.06. Appointment of a Receiver. To the extent permitted by applicable law, if an Event of Default shall have occurred and be continuing, and the Notes either shall have been accelerated pursuant to Section 4.02(a) of the Indenture (and the relevant declaration shall not have been rescinded and annulled pursuant to Section 4.02(d) of the Indenture) or have become due at maturity, the Security Agent shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Security Agent or any successor or nominee thereof) for all or any part of the Aircraft Collateral, whether such receivership be incidental to a proposed sale of the Aircraft Collateral or the taking of possession thereof or otherwise, and, to the extent permitted by applicable law, the Company hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Aircraft Collateral shall be entitled to exercise all the rights and powers of the Security Agent with respect to the Aircraft Collateral.

ARTICLE V

DUTIES OF THE SECURITY AGENT

Section 5.01. Duties of the Security Agent.

(a) Exercise of Rights and Powers During an Event of Default. If an Event of Default has occurred and is continuing, the Security Agent shall exercise such of the rights and powers vested in it by this Aircraft Security Agreement and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Performance in the Absence of an Event of Default. Except during the continuance of an Event of Default:

(i) The Security Agent need perform only those duties as are specifically set forth in this Aircraft Security Agreement and the other Operative Documents and no others.

(ii) In the absence of bad faith on its part, the Security Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee or the Security Agent and conforming to the requirements of the Indenture. However, the Security Agent shall examine the certificates and opinions to determine whether or not they conform to the requirements of the Indenture.

(c) Liability, Etc. The Security Agent may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) This paragraph (c) does not limit the effect of paragraph (b) of this Section 5.01 or of Section 5.02 hereof.

(ii) The Security Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Security Agent, unless it is proved that the Security Agent was negligent in ascertaining the pertinent facts.

(iii) The Security Agent shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 4.02(b) of the Indenture either directly or through the instruction of the Trustee.

(d) Indemnification; Advice of Counsel; Etc. The Security Agent shall not be required to take any action or refrain from taking any action under this Article V or Article IV unless the Security Agent shall have received indemnification against any risks incurred in connection therewith in form and substance reasonably satisfactory to it, including, without limitation, adequate advances against costs that may be actually incurred by it in connection therewith. The Security Agent shall not be required to take any action under this Article V or Article IV, nor shall any other provision of any Operative Document be deemed to impose a duty on the Security Agent to take any action, if the Security Agent shall have been advised by outside counsel that such action is contrary to the terms hereof or is otherwise contrary to law.

(e) Other Provisions. Every provision of this Aircraft Security Agreement that in any way relates to the Security Agent is subject to paragraphs (a), (b), (c) and (d) of this Section 5.01.

Section 5.02. Rights of Security Agent.

(a) Reliance on Documents. The Security Agent may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. Without limiting Section 5.01(c)(ii), the Security Agent need not investigate any fact or matter stated in the document.

(b) Officer's Certificate or Opinion of Counsel. Before the Security Agent acts or refrains from acting (unless other evidence is provided for herein), it may require an Officer's Certificate or an Opinion of Counsel (which shall conform to Section 11.04 of the Indenture if the Indenture is qualified under the TIA at the time such Officer's Certificate or Opinion of Counsel, as the case may be, is to be delivered). The Security Agent shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(c) Acting Through Agents. The Security Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its attorneys and agents and the Security Agent shall not be responsible for the misconduct or negligence of any agent or attorney appointed by it with due care.

Section 5.03. Notice from the Trustee. If the Trustee shall have knowledge of an Event of Default or a Payment Default, the Trustee shall promptly give notice thereof to the Security Agent. In addition, if the Trustee has declared the acceleration of the Notes pursuant to Section 4.02(a) of the Indenture or shall have knowledge of the acceleration of the Notes pursuant to the proviso in Section 4.02(a)(i) of the Indenture or if the Trustee shall have received a written notice rescinding and annulling any such declaration pursuant to Section 4.02(d) of the Indenture, in each such case, the Trustee shall promptly give notice thereof to the Security Agent by telegram, cable, facsimile or telephone (to be promptly confirmed in writing). Without limiting any of the foregoing, the Trustee will furnish to the Security Agent, upon request of the Security Agent or the Company, such information and copies of such documents as the Trustee may have as are necessary for the Security Agent to perform the duties of the Security Agent under this Aircraft Security Agreement or any other Operative Document.

Section 5.04. [Reserved].

Section 5.05. [Reserved].

Section 5.06. Investment of Amounts Held by the Security Agent. Any monies (including for the purpose of this Section 5.06 any amounts held by the Security Agent pursuant to Section 3.05 or pursuant to any provision of any other Operative Document providing for amounts to be held by the Security Agent which are not distributed pursuant to the other provisions of Article III, or any cash received by the Security Agent pursuant to Section 7.05(c) or Section 7.06(d), or otherwise, or Permitted Investments purchased by the use of such cash pursuant to this Section 5.06 or any cash constituting the proceeds of the maturity, sale or other disposition of any such Permitted Investments) held by the Security Agent hereunder as part of the Aircraft Collateral, until paid out by the Security Agent as herein provided, (i) subject to clause (ii) below and Section 3.05, may be carried by the Security Agent on deposit with itself or on deposit to its account with any bank, trust company or national banking association incorporated or doing business under the laws of the United States or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000, and the Security Agent shall not have any liability for interest upon any such monies except as otherwise agreed in writing with the Company, or (ii) at any time and from time to time, so long as no Event of Default shall have occurred and be continuing, at the request of the Company, shall be invested and reinvested in Permitted Investments as specified in such request (if such investments are reasonably available for purchase) and sold, in any case at such prices, including accrued interest or its equivalent, as are set forth in such request, and, as provided in Section 3.05, such Permitted Investments shall be held by the Security Agent in trust for the benefit and security of the Noteholders and the Indemnitees as part of the Aircraft Collateral until so sold; provided that the Company shall upon demand pay to the Security Agent the amount of any loss realized upon maturity, sale or other disposition of any such Permitted Investment and, so long as no Event of Default or Payment Default shall have occurred and be continuing, the Company shall be entitled to receive from the Security Agent, and the Security Agent shall promptly pay to the Company, any profit, income, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment. All Permitted Investments held by the Security Agent pursuant to this Section 5.06 shall be held pursuant to Section 3.05. If an Event of Default or Payment Default shall have occurred and be continuing, any net income, profit, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment shall be held as part of the Aircraft Collateral and shall be applied by the Security Agent at the same time, on the same conditions and in the same manner as the amounts in respect of which such income, profit, interest, dividend or gain was realized are required to be distributed in accordance with the provisions hereof pursuant to which such amounts were required to be held. At such time as there shall not be continuing any such Event of Default or Payment Default, such income, profit, interest, dividend or gain shall be paid to the Company. In addition, if any moneys or investments are held by the Security Agent solely because an Event of Default or Payment Default has occurred and

is continuing, at such time as there shall not be continuing any such Event of Default or Payment Default, such moneys and investments shall be paid to the Company. The Security Agent shall not be responsible for any losses on any investments or sales of Permitted Investments made pursuant to the procedure specified in this Section 5.06 other than by reason of its willful misconduct or negligence.

ARTICLE VI

APPOINTMENT OF THE SECURITY AGENT

Section 6.01. Acceptance of Trusts and Duties. The Trustee hereby designates and appoints the Security Agent as the agent of the Trustee and as Security Agent under this Aircraft Security Agreement. U.S. Bank accepts the trusts and duties hereby created and applicable to it and agrees to perform such duties, but only upon the terms of this Aircraft Security Agreement and agrees to receive, handle and disburse all monies received by it as Security Agent constituting part of the Aircraft Collateral in accordance with the terms hereof. In addition, the Security Agent agrees to be bound by, and shall have the benefit of, all provisions of the Indenture and the other Operative Documents stated therein to be applicable to the Security Agent or an agent of the Trustee.

ARTICLE VII

OPERATING COVENANTS OF THE COMPANY

The Company will comply with the following covenants with respect to each Aircraft or the related Airframe or any related Engine, as applicable:

Section 7.01. Liens. The Company will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to such Aircraft, its title thereto or any of its interest therein, except:

- (a) the Lien of this Aircraft Security Agreement, the rights of any Permitted Lessee under a Lease permitted hereunder and the rights of any Person existing pursuant to the Operative Documents;
- (b) the rights of others under agreements or arrangements to the extent expressly permitted by this Aircraft Security Agreement;
- (c) Security Agent Liens and Trustee Liens;

(d) Liens for Taxes either not yet overdue or 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 such Airframe or any such Engine or the Security Agent's interest therein or impair the Lien of this Aircraft Security Agreement;

(e) materialmen's, mechanics', workers', landlords', 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 such Airframe or any such Engine or the Security Agent's interest therein or impair the Lien of this Aircraft Security Agreement;

(f) Liens arising out of any judgment or award, so long as such judgment or award shall, within 60 days after the entry thereof, have been discharged, vacated or reversed, or execution thereof stayed pending appeal or other judicial review or shall have been discharged, vacated or reversed within 60 days after the expiration of such stay, and so long as during any such 60 day period there is not, or any such judgment or award does not involve, (x) any material risk of the sale, forfeiture or loss of such Aircraft, such Airframe or any such Engine or the interest of the Security Agent therein or (y) any impairment of the Lien of this Aircraft Security Agreement;

(g) any other Lien with respect to which the Company shall have provided a bond, cash collateral or other security adequate in the reasonable opinion of the Security Agent;

(h) salvage or similar rights of insurers under insurance policies maintained by the Company; and

(i) Liens approved in writing by the Security Agent with the consent of the Trustee.

Liens described in clauses (a) through (i) above are referred to herein as "Permitted Liens". The Company shall promptly, at its own expense, take (or cause to be taken) such action as may be necessary duly to discharge (by bonding or otherwise) any Lien other than a Permitted Lien arising at any time with respect to such Aircraft, its title thereto or any of its interest therein.

Section 7.02. Possession, Operation and Use, Maintenance and Registration.

(a) Possession. The Company shall not, without the prior written consent of the Security Agent, lease or otherwise in any manner deliver, transfer or relinquish possession of such Aircraft, such Airframe or any such Engine or install any such Engine, or permit any such Engine to be installed, on any airframe other than another Airframe; provided that, so long as the Company shall comply with the provisions of Section 7.06, the Company may without the prior written consent of the Security Agent:

(i) subject such Airframe to interchange agreements or subject any such Engine to interchange or pooling agreements or arrangements, in each case customary in the airline industry and entered into by the Company in the ordinary course of its business; provided that (A) no such agreement or arrangement contemplates or requires the transfer of title to such Airframe and (B) if the Company's title to any such Engine shall be divested under any such agreement or arrangement, such divestiture shall be deemed to be an Event of Loss with respect to such Engine, and the Company shall comply with Section 7.05(b), in respect thereof;

(ii) deliver possession of such Airframe or any such Engine to any Person for testing, service, repair, reconditioning, restoration, storage, maintenance, overhaul work or other similar purposes or for alterations, modifications or additions to such Airframe or any such Engine to the extent required or permitted by the terms hereof;

(iii) transfer or permit the transfer of possession of such Airframe or any such Engine to any Government pursuant to a lease, contract or other instrument;

(iv) subject such Airframe or any such Engine to the CRAF Program or transfer possession of such Airframe or any such Engine to the United States government in accordance with applicable laws, rulings, regulations or orders (including, without limitation, any transfer of possession pursuant to the CRAF Program); provided, that the Company (A) shall promptly notify the Security Agent upon transferring possession of such Airframe or any such Engine pursuant to this clause (iv) and (B) in the case of a transfer of possession pursuant to the CRAF Program, shall notify the Security Agent of the name and address of the responsible Contracting Office Representative for the Air Mobility Command of the United States Air Force or other appropriate Person to whom notices must be given and to whom requests or claims must be made to the extent applicable under the CRAF Program;

(v) install any such Engine on an airframe owned by the Company (or any Permitted Lessee) free and clear of all Liens, except (A) Permitted Liens and Liens that apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to such airframe as an entirety) and (B) the rights of third parties under interchange agreements or pooling or similar arrangements that would be permitted under clause (i) above;

(vi) install any such Engine on an airframe leased, purchased or owned by the Company (or any Permitted Lessee) subject to a lease, conditional sale and/or other security agreement; provided that (A) such airframe is free and clear of all Liens except (1) the rights of the parties to the lease or any conditional sale or security agreement covering such airframe, or their successors and assigns, and (2) Liens of the type permitted by clause (v) of this Section 7.02(a) and (B) either (1) the Company shall have obtained from the lessor, conditional vendor or secured party of such airframe a written agreement (which may be the lease, conditional sale or other security agreement covering such airframe), in form and substance satisfactory to the Security Agent (it being understood that an agreement from such lessor, conditional vendor or secured party substantially in the form of the penultimate paragraph of this Section 7.02(a) shall be deemed to be satisfactory to the Security Agent), whereby such lessor, conditional vendor or secured party expressly agrees that neither it nor its successors or assigns will acquire or claim any right, title or interest in any such Engine by reason of such Engine being installed on such airframe at any time while such Engine is subject to the Lien of this Aircraft Security Agreement or (2) such lease, conditional sale or other security agreement provides that any such Engine shall not become subject to the Lien of such lease, conditional sale or other security agreement at any time while such Engine is subject to the Lien of this Aircraft Security Agreement, notwithstanding the installation thereof on such airframe;

(vii) install any such Engine on an airframe owned by the Company (or any Permitted Lessee), leased to the Company (or any Permitted Lessee) or purchased by the Company (or any Permitted Lessee) subject to a conditional sale or other security agreement under circumstances where neither clause (v) nor clause (vi) of this Section 7.02(a) is applicable; provided that such installation shall be deemed an Event of Loss with respect to such Engine, and the Company shall comply with Section 7.05(b) in respect thereof, if such installation shall adversely affect the Security Agent's security interest in any such Engine, the Security Agent not intending hereby to waive any right or interest it may have to

or in such Engine under applicable law until compliance by the Company with Section 7.05(b);

(viii) lease any such Engine or such Airframe and any such Engine to any United States air carrier as to which there is in force a certificate issued pursuant to the Transportation Code (49 U.S.C. §§41101-41112) or successor provision that gives like authority, or to any manufacturer of airframes or engines (or an Affiliate thereof acting under an unconditional guarantee of such manufacturer), so long as such manufacturer and, if applicable, such Affiliate is domiciled in the United States); provided that no Event of Default shall exist at the time any such lease is entered into; and

(ix) lease any such Engine or such Airframe and any such Engine to (A) any foreign air carrier other than those set forth in clause (B), (B) any foreign air carrier that is at the inception of the lease based in and a domiciliary of a country listed in **Exhibit B** hereto, (C) any foreign manufacturer of airframes or engines (or a foreign Affiliate of a United States or foreign manufacturer of airframes or engines acting under an unconditional guarantee of such manufacturer), so long as such foreign manufacturer or (if applicable) foreign Affiliate is domiciled in a country indicated with an asterisk on **Exhibit B** hereto, or (D) any foreign air carrier consented to in writing by the Security Agent with the consent of the Trustee; provided that (w) in the case of a lease to, or guarantee by, any entity pursuant to this Section 7.02(a)(ix), (1) other than a foreign carrier principally based in Taiwan, the United States maintains diplomatic relations with the country in which such entity is based and domiciled at the time such lease is entered into, (2) no Event of Default exists at the time such lease is entered into and (3) such entity is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person, (x) in the case of a lease to a foreign air carrier under clause (A) above, the Security Agent receives at the time of such lease an opinion of counsel to the Company (such counsel to be reasonably satisfactory to the Security Agent) to the effect that there exist no possessory rights in favor of the lessee under the laws of such lessee's country which would, upon bankruptcy or insolvency of or other default by the Company and assuming at such time such lessee is not insolvent or bankrupt, prevent the taking of possession of any such Engine or such Airframe and any such Engine by the Security Agent in accordance with and when permitted by the terms of Section 4.02 upon the exercise by the Security Agent of its remedies under Section 4.02, and (y) in the case of a lease to any foreign manufacturer or foreign Affiliate under clause (C) above, the re-registration

conditions set forth in Section 7.02(e) shall be satisfied notwithstanding anything to the contrary in such clause (C);

provided that the rights of any lessee or other transferee who receives possession of such Aircraft, such Airframe or any such Engine by reason of a transfer permitted by this Section 7.02(a) (other than the transfer of any such Engine which is deemed an Event of Loss) shall be subject and subordinate to, and any permitted lease shall be made expressly subject and subordinate to, all the terms of this Aircraft Security Agreement, including the Security Agent's rights to repossess pursuant to Section 4.02 and to avoid such lease upon such repossession, and the Company shall remain primarily liable hereunder for the performance and observance of all of the terms and conditions of this Aircraft Security Agreement to the same extent as if such lease or transfer had not occurred, any such lease shall include appropriate provisions for the maintenance and insurance of such Aircraft, Airframe or Engine, and no lease or transfer or possession otherwise in compliance with this Section shall (x) result in any registration or re-registration of such Aircraft except to the extent permitted in Section 7.02(e) or the maintenance, operation or use thereof that does not comply with Section 7.02(b) and Section 7.02(c) or (y) permit any action not permitted to be taken by the Company with respect to such Aircraft hereunder. The Company shall promptly notify the Security Agent of the existence of any such lease with a term in excess of one year.

Each of the Security Agent and the Trustee agrees, and each Noteholder by acceptance of a Note is deemed to have agreed, for the benefit of the Company (and any Permitted Lessee) and for the benefit of the lessor, conditional vendor or secured party of such Airframe or engine leased to the Company (or any Permitted Lessee) or leased to or purchased or owned by the Company (or any Permitted Lessee) subject to a conditional sale or other security agreement, that the Security Agent, the Trustee and the Noteholders will not acquire or claim, as against the Company (or any Permitted Lessee) or such lessor, conditional vendor or secured party, any right, title or interest in (A) any engine or engines owned by the Company (or any Permitted Lessee) or the lessor under such lease or subject to a security interest in favor of the secured party under any conditional sale or other security agreement as the result of such engine or engines being installed on such Airframe at any time while such engine or engines are subject to such lease or conditional sale or other security agreement or (B) any airframe owned by the Company (or any Permitted Lessee) or the lessor under such lease or subject to a security interest in favor of the secured party under any conditional sale or other security agreement as the result of any such Engine being installed on such airframe at any time while such airframe is subject to such lease or conditional sale or other security agreement.

Each of the Security Agent and the Trustee acknowledges that any “wet lease” or other similar arrangement under which the Company maintains operational control of an Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this Section 7.02(a).

(b) Operation and Use. The Company agrees that such Aircraft will not be maintained, used, serviced, repaired, overhauled or operated in violation of any law, rule or regulation of any government of any country having jurisdiction over such Aircraft or in violation of any airworthiness certificate, license or registration relating to such Aircraft issued by any such government, except to the extent the Company is contesting in good faith the validity or application of any such law, rule or regulation or airworthiness certificate, license or registration in any manner that does not involve any material risk of sale, forfeiture or loss of such Aircraft or impair the Lien of this Aircraft Security Agreement; and provided, that the Company shall not be in default under, or required to take any action set forth in, this sentence if it is not possible for it to comply with the laws of a jurisdiction other than the United States (or other than any jurisdiction in which such Aircraft is then registered) because of a conflict with the applicable laws of the United States (or such jurisdiction in which such Aircraft is then registered). The Company will not operate such Aircraft, or permit such Aircraft to be operated or located, (i) in any area excluded from coverage by any insurance required by the terms of Section 7.06 or (ii) in any war zone or recognized or, in the Company’s judgment, threatened areas of hostilities unless covered by war risk insurance in accordance with Section 7.06, unless in the case of either clause (i) or (ii), (x) governmental indemnification complying with Section 7.06(a) and Section 7.06(b) has been provided or (y) such Aircraft is only temporarily located in such area as a result of an isolated occurrence or isolated series of occurrences attributable to a hijacking, medical emergency, equipment malfunction, weather conditions, navigational error or other similar unforeseen circumstances and the Company is using its good faith efforts to remove such Aircraft from such area as promptly as practicable.

(c) Maintenance. The Company shall maintain, service, repair and overhaul such Aircraft (or cause the same to be done) (i) so as to keep such Aircraft in as good operating condition as on the applicable Aircraft Closing Date for such Aircraft, ordinary wear and tear excepted, and in such condition as may be necessary to enable the airworthiness certification of such Aircraft to be maintained in good standing at all times (other than during temporary periods of storage, during maintenance or modification permitted hereunder, or during periods of grounding by applicable governmental authorities) under the Transportation Code, during such periods in which such Aircraft is registered under the laws of the United States, or, if such Aircraft is registered under the laws of any other jurisdiction, the applicable laws of such jurisdiction and (ii) using the

same standards as the Company or, in the case of a lease permitted pursuant to Section 7.02(a), the applicable Permitted Lessee uses with respect to similar aircraft operated by the Company or such Permitted Lessee, as the case may be, in similar circumstances (in any case, without limitation of the Company's obligations under the preceding clause (i)). In any case such Aircraft will be maintained in accordance with a maintenance program for Boeing 767-323ER, Boeing 777-200ER or Boeing 737-800 aircraft, as applicable, approved by the FAA or, if such Aircraft is not registered in the United States, (i) the EASA or the JAA, (ii) the central aviation authority of Australia, Canada, Japan or New Zealand, or (iii) the central aviation authority of any country with aircraft maintenance standards that are substantially similar to those of the United States or any of the foregoing authorities or countries. The Company shall maintain or cause to be maintained all records, logs and other documents required to be maintained in respect of such Aircraft by appropriate authorities in the jurisdiction in which such Aircraft is registered.

(d) Identification of Security Agent's Interest. The Company agrees to affix as promptly as practicable after the applicable Aircraft Closing Date for such Aircraft and thereafter to maintain in the cockpit of such Aircraft, in a clearly visible location, and (if not prevented by applicable law or regulations or by any government) on each such Engine, a nameplate bearing the inscription "MORTGAGED TO U.S. BANK TRUST NATIONAL ASSOCIATION, AS SECURITY AGENT" (such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Security Agent). If any such nameplate is damaged beyond repair or becomes illegible, the Company shall promptly replace it with a nameplate complying with the requirements of this Section.

(e) Registration. The Company shall cause such Aircraft to remain duly registered, under the laws of the United States, in the name of the Company except as otherwise required by the Transportation Code; provided that each of the Security Agent and the Trustee shall, at the Company's expense, execute and deliver all such documents as the Company may reasonably request for the purpose of continuing such registration. Notwithstanding the preceding sentence, the Company, at its own expense, may cause or allow such Aircraft to be duly registered under the laws of any foreign jurisdiction in which a Permitted Lessee could be principally based, in the name of the Company or of any nominee of the Company, or, if required by applicable law, in the name of any other Person (and, following any such foreign registration, may cause such Aircraft to be re-registered under the laws of the United States); provided, that in the case of jurisdictions other than those approved by the Security Agent with the consent of the Trustee (i) if such jurisdiction is at the time of registration listed on **Exhibit B**, the Security Agent shall have received at the time of such registration an opinion of counsel to the Company to the effect that (A) this Aircraft Security Agreement and the Security

Agent's right to repossession hereunder is valid and enforceable under the laws of such country, (B) after giving effect to such change in registration, the Lien of this Aircraft Security Agreement shall continue as a valid Lien and shall be duly perfected in the new jurisdiction of registration and that all filing, recording or other action necessary to perfect and protect the Lien of this Aircraft Security Agreement has been accomplished (or if such opinion cannot be given at such time, (x) the opinion shall detail what filing, recording or other action is necessary and (y) the Security Agent shall have received a certificate from an Officer that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be promptly delivered to the Security Agent subsequent to the effective date of such change in registration), (C) the obligations of the Company under this Aircraft Security Agreement shall remain valid, binding and (subject to customary bankruptcy and equitable remedies exceptions and to other exceptions customary in foreign opinions generally) enforceable under the laws of such jurisdiction (or the laws of the jurisdiction to which the laws of such jurisdiction would refer as the applicable governing law) and (D) all approvals or consents of any government in such jurisdiction having jurisdiction required for such change in registration shall have been duly obtained and shall be in full force and effect, and (ii) if such jurisdiction is at the time of registration not listed on **Exhibit B**, the Security Agent shall have received (in addition to the opinions set forth in clause (i) above) at the time of such registration an opinion of counsel to the Company to the effect that (A) the terms of this Aircraft Security Agreement are legal, valid, binding and enforceable in such jurisdiction (subject to exceptions customary in such jurisdiction, provided, that, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and to general principles of equity, any applicable laws limiting the remedies provided in Section 4.02 do not in the opinion of such counsel make the remedies provided in Section 4.02 inadequate for the practical realization of the rights and benefits provided thereby), (B) that it is not necessary for the Security Agent to register or qualify to do business in such jurisdiction, (C) that there is no tort liability of the lender of an aircraft not in possession thereof under the laws of such jurisdiction other than tort liability that might have been imposed on such lender under the laws of the United States or any state thereof (it being understood that such opinion shall be waived if insurance reasonably satisfactory to the Security Agent is provided, at the Company's expense, to cover such risk) and (D) (unless the Company shall have agreed to provide insurance covering the risk of requisition of use or title of such Aircraft by the government of such jurisdiction so long as such Aircraft is registered under the laws of such jurisdiction) that the laws of such jurisdiction require fair compensation by the government of such jurisdiction payable in currency freely convertible into Dollars for the loss of use or title of such Aircraft in the event of requisition by such government of such use or title. Each of the Security Agent and the

Trustee will cooperate with the Company in effecting such foreign registration. Notwithstanding the foregoing, prior to any such change in the country of registry of such Aircraft, the following conditions shall be met (or waived as provided in Section 9.02(a)):

(i) no Event of Default shall have occurred and be continuing at the effective date of the change in registration; provided, that it shall not be necessary to comply with this condition if the change in registration results in the registration of such Aircraft under the laws of the United States or if the Trustee consents to such change in registration;

(ii) the Security Agent shall have received evidence of compliance with the insurance provisions contained herein after giving effect to such change in registration; and

(iii) the Company shall have paid or made provision reasonably satisfactory to the Security Agent for the payment of all reasonable expenses (including reasonable attorneys' fees) of the Security Agent in connection with such change in registration.

The Company shall (i) take such actions as may be required to be taken by the Company so that any International Interest arising in relation to this Aircraft Security Agreement, such Aircraft, any Replacement Aircraft therefor, any such Engine or any Replacement Engine therefor may be duly registered (and any such registration may be assigned, amended, extended or discharged) at the International Registry, and (ii) obtain from the International Registry all approvals as may be required duly and timely to perform the Company's obligations under this Aircraft Security Agreement with respect to the registration of any such International Interest. The Security Agent shall take all actions necessary with respect to the International Registry to consent to the Company's initiation of any registrations required under this Aircraft Security Agreement to enable the Company to complete such registrations, including, without limitation, appointing Daugherty, Fowler, Peregrin, Haught & Jenson, a Professional Corporation, as its "professional user entity" (as defined in the Cape Town Treaty) to consent to any registrations on the International Registry with respect to such Airframe or any such Engine.

Section 7.03. Inspection. At all reasonable times, but upon at least 15 Business Days' prior written notice to the Company, the Security Agent or its authorized representative may, subject to the other conditions of this Section 7.03, inspect such Aircraft and may inspect the books and records of the Company required to be maintained by the FAA or the government of another jurisdiction in which such Aircraft is then registered relating to the maintenance of such Aircraft; provided that (i) the

Security Agent or its representative shall be fully insured at no cost to the Company in a manner satisfactory to the Company with respect to any risks incurred in connection with any such inspection or shall provide to the Company a written release satisfactory to the Company with respect to such risks, (ii) any such inspection shall be subject to the safety, security and workplace rules applicable at the location where such inspection is conducted and any applicable governmental rules or regulations, (iii) any such inspection of such Aircraft shall be a visual, walk-around inspection of the interior and exterior of such Aircraft and shall not include opening any panels, bays or the like without the Company's express consent, which consent the Company may in its sole discretion withhold, and (iv) no exercise of such inspection right shall interfere with the use, operation or maintenance of such Aircraft by, or the business of, the Company and the Company shall not be required to undertake or incur any additional liabilities in connection therewith. All information obtained in connection with any such inspection of such Aircraft and of such books and records shall be Confidential Information and shall be treated by the Security Agent and its representatives in accordance with the provisions of Section 13.18 of the Indenture. Any inspection pursuant to this Section 7.03 shall be at the sole risk (including, without limitation, any risk of personal injury or death) and expense of the Security Agent (or its representative), as the case may be, making such inspection. Except during the continuance of an Event of Default, all inspections by the Security Agent and its representatives provided for under this Section 7.03 shall be limited to one inspection of any kind contemplated by this Section 7.03 for all such Aircraft during any calendar year.

Section 7.04. Replacement and Pooling of Parts; Alterations, Modifications and Additions; Substitution of Engines.

(a) Replacement of Parts. The Company, at its own expense, shall promptly replace all Parts that may from time to time be incorporated or installed in or attached to such Airframe or any such Engine and that may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use for any reason whatsoever, except as otherwise provided in Section 7.04(c) or if such Airframe or any such Engine to which a Part relates has suffered an Event of Loss. In addition, the Company, at its own expense, may remove in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use; provided that the Company, except as otherwise provided in Section 7.04(c), at its own expense, will replace such Parts as promptly as practicable. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens and except in the case of replacement property temporarily installed on an emergency basis) and shall have a value and utility at least equal to the Parts replaced, assuming such

replaced Parts were in the condition and repair required to be maintained by the terms hereof. Except as otherwise provided in Section 7.04(c), all Parts at any time removed from such Airframe or any such Engine shall remain subject to the Lien of this Aircraft Security Agreement no matter where located until such time as such Parts shall be replaced by parts that have been incorporated or installed in or attached to such Airframe or such Engine and that meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to such Airframe or any such Engine as above provided (except in the case of replacement property temporarily installed on an emergency basis), without further act, (i) the replaced Part shall thereupon be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Security Agent (and the other beneficiaries hereof) and shall no longer be deemed a Part hereunder and (ii) such replacement Part shall become subject to the Lien of this Aircraft Security Agreement and be deemed a Part of such Airframe or such Engine for all purposes to the same extent as the Parts originally incorporated or installed in or attached to such Airframe or such Engine. Upon request of the Company from time to time, the Security Agent (and, if the Company so requests, the Trustee) shall execute and deliver to the Company an appropriate instrument confirming the release of any such replaced Part from the Lien of this Aircraft Security Agreement.

(b) Pooling of Parts. Any Part removed from such Airframe or any such Engine as provided in Section 7.04(a) may be subjected by the Company or a Person permitted to be in possession of such Aircraft to a pooling arrangement customary in the airline industry entered into in the ordinary course of the Company's or such Person's business; provided that the part replacing such removed Part shall be incorporated or installed in or attached to such Airframe or such Engine in accordance with Section 7.04(a) as promptly as practicable after the removal of such removed Part. In addition, any replacement Part when incorporated or installed in or attached to such Airframe or any such Engine may be owned by any third party subject to such a pooling arrangement; provided that the Company, at its expense, as promptly thereafter as practicable, either (i) causes title to such replacement Part to vest in the Company free and clear of all Liens (except Permitted Liens), or (ii) replaces such replacement Part by incorporating or installing in or attaching to such Airframe or such Engine a further replacement Part in the manner contemplated by Section 7.04(a).

(c) Alterations, Modifications and Additions. The Company will make such alterations and modifications in and additions to such Airframe and each such Engine as may be required from time to time to meet the applicable requirements of the FAA or any applicable government of any other jurisdiction in which such Aircraft may then be registered; provided that the Company may, in good faith, contest the validity or

application of any such requirement in any manner that does not involve any material risk of sale, loss or forfeiture of such Aircraft and does not adversely affect the Security Agent's interest in the Aircraft Collateral. In addition, the Company, at its own expense, may from time to time add further parts or accessories and make or cause to be made such alterations and modifications in and additions to such Airframe or any such Engine as the Company may deem desirable in the proper conduct of its business, including, without limitation, removal (without replacement) of Parts, provided that no such alteration, modification or addition shall materially diminish the value or utility of such Airframe or such Engine below its value or utility, immediately prior to such alteration, modification or addition, assuming that such Airframe or such Engine was then in the condition required to be maintained by the terms of this Aircraft Security Agreement, except that the value (but not the utility) of such Airframe or such Engine may be reduced by the value of any such Parts that shall have been removed that the Company deems obsolete or no longer suitable or appropriate for use on such Airframe or such Engine. All Parts incorporated or installed in or attached or added to such Airframe or any such Engine as the result of such alteration, modification or addition shall be free and clear of any Liens, other than Permitted Liens, and shall, without further act, be subject to the Lien of this Aircraft Security Agreement. Notwithstanding the foregoing, the Company may, at any time, remove any Part from such Airframe or any such Engine if such Part: (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Airframe or such Engine at the time of delivery thereof to the Company or any Part in replacement of, or substitution for, any such Part, (ii) is not required to be incorporated or installed in or attached or added to such Airframe or such Engine pursuant to the first sentence of this Section 7.04(c) or Section 7.02(d) and (iii) can be removed from such Airframe or such Engine without materially diminishing the value or utility required to be maintained by the terms of this Aircraft Security Agreement that such Airframe or such Engine would have had had such Part never been installed on such Airframe or such Engine. Upon the removal by the Company of any Part as permitted by this Section 7.04(c), such removed Part shall, without further act, be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Security Agent (and the other beneficiaries hereof) and shall no longer be deemed a Part hereunder. Upon request of the Company from time to time, the Security Agent (and, if the Company so requests, the Trustee) shall execute and deliver to the Company an appropriate instrument confirming the release of any such removed Part from the Lien of this Aircraft Security Agreement.

(d) Substitution of Engines. The Company shall have the right at its option at any time, on at least 30 days' prior written notice to the Security Agent, to substitute a Replacement Engine for any such Engine. In such event, and prior to the date of such substitution, the Company shall replace such Engine hereunder by complying with the

terms of Section 7.05(b) to the same extent as if an Event of Loss had occurred with respect to such Engine.

Section 7.05. Loss, Destruction or Requisition.

(a) Event of Loss with Respect to such Airframe. Upon the occurrence of an Event of Loss with respect to such Airframe or such Airframe and any such Engine then installed thereon, the Company shall as promptly as practicable (and, in any event, within 15 days after such occurrence) give the Security Agent written notice of such Event of Loss, and, within 90 days after such Event of Loss, the Company shall give the Security Agent written notice of its election to perform one of the following options (it being agreed that if the Company shall not have given such notice of election within such 90-day period, the Company shall be deemed to have elected to perform the option set forth in the following clause (ii)). The Company may elect either to:

(i) on or before the applicable Loss Payment Date (as defined below), substitute, as replacement for such Airframe or Airframe and Engines with respect to which an Event of Loss has occurred, a Replacement Airframe (together with a number of Replacement Engines equal to the number of such Engines, if any, with respect to which such Event of Loss occurred), such Replacement Airframe and Replacement Engines to be owned by the Company free and clear of all Liens (other than Permitted Liens); provided that if the Company shall not perform its obligation to effect such substitution under this clause (i), on or prior to such Loss Payment Date, then the Company shall on such Loss Payment Date redeem the Notes in part in accordance with Section 2.19(c) of the Indenture; or

(ii) on or before such Loss Payment Date, redeem the Notes in part in accordance with Section 2.19(c) of the Indenture in respect of such Event of Loss. The Company shall give the Security Agent and the Trustee 20 days prior written notice if it elects to so redeem the Notes in part on any day prior to such Loss Payment Date.

The "Loss Payment Date", with respect to an Event of Loss, means the Business Day next succeeding the 120th day following the date of occurrence of such Event of Loss.

If the Company elects to substitute a Replacement Airframe (or a Replacement Airframe and one or more Replacement Engines, as the case may be) the Company shall, at its sole expense, not later than the applicable Loss Payment Date, (A) cause an Aircraft Security Agreement Supplement for such Replacement Airframe and Replacement Engines, if any, to be delivered to the Security Agent for execution and, upon such

execution, to be filed for recordation pursuant to the Transportation Code or the applicable laws of such other jurisdiction in which the applicable Aircraft may then be registered, (B) cause the sale of such Replacement Airframe and Replacement Engines, if any, to the Company (if occurring after February 28, 2006 and if the seller of such Replacement Airframe and Replacement Engines, if any, is “situated in” a country that has ratified the Cape Town Convention) and the International Interest created pursuant to such Aircraft Security Agreement Supplement in favor of the Security Agent with respect to such Replacement Airframe and Replacement Engines, if any, each to be registered on the International Registry as a sale or an International Interest, respectively; provided that if the seller of such Replacement Airframe and Replacement Engines, if any, is not situated in a country that has ratified the Cape Town Convention, the Company will use its reasonable efforts to cause the seller to register the contract of sale on the International Registry, (C) cause a financing statement or statements with respect to such Replacement Airframe and Replacement Engines, if any, or other requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Security Agent’s interest therein in the United States, or in any other jurisdiction in which the applicable Aircraft may then be registered, (D) furnish the Security Agent with an opinion of the Company’s counsel (which may be the Company’s General Counsel or such other internal counsel of the Company as shall be reasonably satisfactory to the Security Agent) addressed to the Security Agent to the effect that upon such replacement, such Replacement Airframe and Replacement Engines, if any, will be subject to the Lien of this Aircraft Security Agreement and addressing the matters set forth in clauses (A), (B) and (C), (E) furnish the Security Agent with a certificate of an independent aircraft engineer or appraiser, certifying that such Replacement Airframe and Replacement Engines, if any, have a value and utility (without regard to hours or cycles) at least equal to the applicable Airframe and Engines, if any, so replaced, assuming such Airframe and such Engines were in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss, (F) furnish the Security Agent with evidence of compliance with the insurance provisions of Section 7.06 with respect to such Replacement Airframe and Replacement Engines, if any, (G) furnish the Security Agent with a copy of the original bill of sale respecting such Replacement Airframe and a copy of the original bill of sale or, if the bill of sale is unavailable, other evidence of ownership reasonably satisfactory to the Security Agent (which may be a copy of an invoice or purchase order) respecting such Replacement Engines, if any, and (H) furnish the Security Agent with an opinion of the Company’s counsel (which may be the Company’s General Counsel or such other internal counsel of the Company as shall be reasonably satisfactory to the Security Agent) to the effect that the Security Agent will be entitled to the benefits of Section 1110 with respect to such Replacement Airframe; provided that (i) such opinion need not be delivered to the extent that the benefits of Section 1110 were not, by reason of a change in law or governmental or judicial

interpretation thereof, available to the Security Agent with respect to the applicable Aircraft immediately prior to such substitution and (ii) such opinion may contain qualifications and assumptions of the tenor contained in the opinion of the Company's counsel delivered pursuant to Section 7.01(g) of the Indenture on the applicable Aircraft Closing Date for such Aircraft and such other qualifications and assumptions as shall at the time be customary in opinions rendered in comparable circumstances.

In the case of each Replacement Airframe or Replacement Airframe and one or more Replacement Engines subjected to the Lien of this Aircraft Security Agreement under this Section 7.05(a), promptly upon the recordation of an Aircraft Security Agreement Supplement covering such Replacement Airframe and Replacement Engines, if any, pursuant to the Transportation Code (or pursuant to the applicable law of such other jurisdiction in which such Replacement Airframe and Replacement Engines, if any, are registered), the Company will cause to be delivered to the Security Agent a favorable opinion of the Company's counsel (which may be the Company's General Counsel or such other internal counsel to the Company as shall be reasonably satisfactory to the Security Agent) addressed to the Security Agent as to the due registration of such Replacement Aircraft and the due recordation of such Aircraft Security Agreement Supplement or such other requisite documents or instruments, the registration with the International Registry of the sale of such Replacement Airframe and Replacement Engines, if any, to the Company (if occurring after February 28, 2006 and if the seller of such Replacement Airframe and Replacement Engines, if any, is "situated in" a country that has ratified the Cape Town Convention) and of the International Interests created pursuant such Aircraft Security Agreement Supplement with respect to such Replacement Airframe and Replacement Engines, if any, and the validity and perfection of the security interest in the applicable Replacement Aircraft granted to the Security Agent under this Aircraft Security Agreement.

For all purposes hereof, upon the attachment of the Lien of this Aircraft Security Agreement thereto, such Replacement Airframe and Replacement Engine, if any, shall become part of the Aircraft Collateral, such Replacement Airframe shall be deemed an "Airframe" as defined herein, and each such Replacement Engine shall be deemed an "Engine" as defined herein. Upon compliance with clauses (A) through (H) of the second preceding paragraph, (i) such replaced Airframe and Engines (if any) installed thereon at the time such Event of Loss occurred, all proceeds (including, without limitation, insurance proceeds), the Warranty Rights in respect of such replaced Airframe and Engines (if any) and all rights relating to the foregoing shall be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Security Agent (and the other beneficiaries hereof), (ii) the Security Agent (and, if the Company so requests, the Trustee) shall execute and deliver to the Company an appropriate

instrument releasing such properties, rights, interests and privileges from the Lien of this Aircraft Security Agreement and assigning to the Company all claims against third Persons for damage to or loss of such Airframe and Engines arising from such Event of Loss, and (iii) each of the Security Agent and the Trustee will take such actions as may be required to be taken by the Security Agent or the Trustee, as the case may be, to cancel or release any International Interest of the Security Agent registered with the International Registry in relation to such Airframe and Engines, if any, with respect to which such Event of Loss occurred.

In the event that, after an Event of Loss, the Company performs the option set forth in clause (ii) of the first paragraph of this Section 7.05(a), (i) the Aircraft that suffered such Event of Loss, all proceeds (including, without limitation, insurance proceeds), the Warranty Rights in respect of such Aircraft and all rights relating to the foregoing shall be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Security Agent (and the other beneficiaries hereof), (ii) the Security Agent (and, if the Company so requests, the Trustee) shall execute and deliver to the Company an appropriate instrument releasing such properties, rights, interests and privileges from the Lien of this Aircraft Security Agreement and assigning to the Company all claims against third Persons for damage to or loss of such Aircraft arising from such Event of Loss, and (iii) each of the Security Agent and the Trustee will take such actions as may be required to be taken by the Security Agent or the Trustee, as the case may be, to cancel or release any International Interest of the Security Agent registered with the International Registry in relation to such Airframe and Engines, if any, with respect to which such Event of Loss occurred.

(b) Event of Loss with Respect to any such Engine. Upon the occurrence of an Event of Loss with respect to any such Engine under circumstances in which there has not occurred an Event of Loss with respect to such Airframe, the Company shall give the Security Agent prompt written notice thereof within 15 days after the Company has determined that an Event of Loss has occurred with respect to such Engine and shall, within 120 days after the occurrence of such Event of Loss, cause to be subjected to the Lien of this Aircraft Security Agreement, as replacement for the Engine with respect to which such Event of Loss occurred, a Replacement Engine free and clear of all Liens (other than Permitted Liens).

Prior to or at the time of any replacement under this Section 7.05(b), the Company will (i) cause an Aircraft Security Agreement Supplement covering such Replacement Engine to be delivered to the Security Agent for execution and, upon such execution, to be filed for recordation pursuant to the Transportation Code or the applicable laws of any other jurisdiction in which such Aircraft may be registered, (ii) furnish the Security Agent

with a copy of the original bill of sale or, if the bill of sale is unavailable, other evidence of ownership reasonably satisfactory to the Security Agent (which may be a copy of an invoice or purchase order) respecting such Replacement Engine, (iii) cause the sale of such Replacement Engine to the Company (if occurring after February 28, 2006 and if the seller of such Replacement Engine is “situated in” a country that has ratified the Cape Town Convention) and the International Interest created pursuant to such Aircraft Security Agreement Supplement in favor of the Security Agent with respect to such Replacement Engine, to be registered on the International Registry as a sale or an International Interest; provided that if the seller of such Replacement Engine is not situated in a country that has ratified the Cape Town Convention, the Company will use its reasonable efforts to cause the seller to register the contract of sale on the International Registry, (iv) cause a financing statement or statements with respect to such Replacement Engine or other requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Security Agent’s interest therein in the United States, or in such other jurisdiction in which such Engine may then be registered, (v) furnish the Security Agent with an opinion of the Company’s counsel (which may be the Company’s General Counsel or such other internal counsel to the Company as shall be reasonably satisfactory to the Security Agent) addressed to the Security Agent to the effect that, upon such replacement, such Replacement Engine will be subject to the Lien of this Aircraft Security Agreement, (vi) furnish the Security Agent with a certificate of an aircraft engineer or appraiser (who may be an employee of the Company) certifying that such Replacement Engine has a value and utility (without regard to hours or cycles) at least equal to the Engine so replaced assuming such Engine was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss and (vii) furnish the Security Agent with evidence of compliance with the insurance provisions of Section 7.06 with respect to such Replacement Engine. In the case of each Replacement Engine subjected to the Lien of this Aircraft Security Agreement under this Section 7.05(b), promptly upon the recordation of an Aircraft Security Agreement Supplement covering such Replacement Engine pursuant to the Transportation Code (or pursuant to the applicable law of such other jurisdiction in which such Aircraft is registered), the Company will cause to be delivered to the Security Agent an opinion of counsel to the Company (which may be the Company’s General Counsel or such other internal counsel of the Company as shall be reasonably satisfactory to the Security Agent) addressed to the Security Agent as to the due recordation of such Aircraft Security Agreement Supplement or such other requisite documents or instruments, the registration with the International Registry of the sale of such Replacement Engine to Company (if occurring after February 28, 2006 and if the seller of such Replacement Engine is “situated in” a country that has ratified the Cape Town Convention) and of the International Interest created pursuant to such Aircraft Security Agreement Supplement with respect to such Replacement Engine, and the validity and perfection of the security

interest in the Replacement Engine granted to the Security Agent under this Aircraft Security Agreement. For all purposes hereof, upon the attachment of the Lien of this Aircraft Security Agreement thereto, the Replacement Engine shall become part of the Aircraft Collateral and shall be deemed an "Engine" as defined herein. Upon compliance with clauses (i) through (vii) of this paragraph, (x) such replaced Engine, any proceeds (including, without limitation, insurance proceeds), the Warranty Rights in respect of such replaced Engine and all rights relating to any of the foregoing shall be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Security Agent (and the other beneficiaries hereof), (y) the Security Agent (and, if the Company so requests, the Trustee) shall execute and deliver to the Company an appropriate instrument releasing such properties, rights, interests and privileges from the Lien of this Aircraft Security Agreement and assigning to the Company all claims against third Persons for damage to or loss of such Engine arising from the Event of Loss, and (z) each of the Security Agent and the Trustee will take such actions as may be required to be taken by the Security Agent or the Trustee, as applicable, to cancel or release any International Interest of the Security Agent registered with the International Registry in relation to the Engines with respect to which such Event of Loss occurred.

(c) Application of Payments for Event of Loss from Requisition of Title or Use. Any payments (other than insurance proceeds the application of which is provided for in Section 7.06) received at any time by the Company, by the Security Agent or the Trustee from any government or other Person with respect to an Event of Loss to such Airframe or any such Engine, will be applied as follows:

(i) if such payments are received with respect to such Airframe or such Airframe and the Engines installed on such Airframe that has been or is being replaced by the Company pursuant to Section 7.05(a), such payments shall be paid over to, or retained by, the Security Agent and upon completion of such replacement shall be paid over to, or retained by, the Company;

(ii) (A) if such payments are received with respect to such Airframe or such Airframe and any Engines installed on such Airframe that has not been and will not be replaced pursuant to Section 7.05(a) and the Company has not yet paid the redemption price required to be paid by the Company pursuant to Section 2.19(c) of the Indenture, each of the Company and the Trustee shall pay over any such payments to the Security Agent, and, promptly upon receipt of such payments from any Person, after reimbursement of the Security Agent for its costs and expenses (provided that the aggregate amount of such costs and expenses so reimbursed shall not exceed the redemption price payable by the Company pursuant to Section 2.19(c) of the Indenture), the Security Agent shall (x)

distribute so much of such payments as to not exceed the redemption price payable by the Company pursuant to Section 2.19(c) of the Indenture to the Trustee (and the Trustee hereby agrees to apply such amounts to the Company's obligation pursuant to Section 2.19(c) of the Indenture to pay such redemption price) and (y) pay over the balance, if any, of such payments remaining thereafter to the Company or its designee; or (B) if such payments are received with respect to such Airframe or such Airframe and any Engines installed on such Airframe that has not been and will not be replaced pursuant to Section 7.05(a) and the Company has already paid the redemption price required to be paid by the Company pursuant to Section 2.19(c) of the Indenture, after reimbursement of the Security Agent for its costs and expenses (provided that the aggregate amount of such costs and expenses so reimbursed shall not exceed the redemption price payable by the Company pursuant to Section 2.19(c) of the Indenture), such payments shall be paid over to, or retained by, the Company or its designee; and

(iii) if such payments are received with respect to any such Engine with regard to which an Event of Loss has occurred as contemplated by Section 7.05(b), so much of such payments remaining after reimbursement of the Security Agent for costs and expenses shall be paid over to, or retained by, the Company; provided that the Company shall have fully performed the terms of Section 7.05(b), with respect to the Event of Loss for which such payments are made.

(d) Requisition for Use by the Government of such Airframe and the Engines Installed Thereon. In the event of the requisition for use by any government, including, without limitation, pursuant to the CRAF Program, of such Airframe and such Engines or engines installed on such Airframe that does not constitute an Event of Loss, the Company shall promptly notify the Security Agent and all of the Company's rights and obligations under this Aircraft Security Agreement with respect to such Airframe and such Engines shall continue to the same extent as if such requisition had not occurred; provided that, notwithstanding the foregoing, the Company's obligations other than payment obligations shall only continue to the extent feasible. All payments received by the Company or the Security Agent from such government for such use of such Airframe and Engines or engines shall be paid over to, or retained by, the Company.

(e) Requisition for Use by the Government of any such Engine Not Installed on such Airframe. In the event of the requisition for use by any government of any such Engine not then installed on such Airframe, the Company will replace such Engine by complying with the terms of Section 7.05(b) to the same extent as if an Event of Loss had occurred with respect to such Engine. Upon such replacement, any payments received by

the Company or the Security Agent from such government with respect to such requisition shall be paid over to, or retained by, the Company.

(f) Application of Payments During Existence of Event of Default. Any amount referred to in Section 7.05 that is payable to or retainable by the Company shall not be paid to or retained by the Company if at the time of such payment or retention an Event of Default or Payment Default shall have occurred and be continuing, but shall be held by or paid over to the Security Agent as security for the obligations of the Company under this Aircraft Security Agreement and the Indenture. At such time as there shall not be continuing any such Event of Default or Payment Default, such amount shall be paid to the Company.

Section 7.06. Insurance.

(a) Aircraft Liability Insurance.

(i) Except as provided in clause (ii) of this subsection (a), and subject to the rights of the Company to establish and maintain self-insurance in the manner and to the extent specified in Section 7.06(c), the Company will carry, or cause to be carried, at no expense to the Security Agent or the Trustee, 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 such Aircraft (A) in amounts that are not less than the aircraft liability insurance applicable to similar aircraft and engines in the Company's fleet on which the Company carries insurance (or, in the case of a lease to a Permitted Lessee, in such Permitted Lessee's fleet on which such Permitted Lessee carries insurance); provided that such liability insurance (including self-insurance specified in Section 7.06(c)) shall not be less than the amount with respect to such Aircraft certified in the insurance report delivered to the Security Agent on the applicable Aircraft Closing Date for such Aircraft, (B) of the type usually carried by corporations engaged in the same or similar business, similarly situated with the Company or such Permitted Lessee, as the case may be, and owning or operating similar aircraft and engines and covering risks of the kind customarily insured against by the Company or such Permitted Lessee, as the case may be, and (C) that is maintained in effect with insurers of recognized responsibility; provided that the Company will carry, or cause to be carried, at no expense to the Security Agent, aircraft liability war risk and allied perils insurance if and to the extent the same is maintained by the Company or such Permitted Lessee, as the case may be, with respect to other aircraft operated by the Company or such Permitted Lessee, as the case may be, on the same or similar routes. With respect to such Aircraft, any policies of

insurance carried in accordance with this Section 7.06(a) and any policies taken out in substitution or replacement for any of such policies shall (A) name the Security Agent and the Trustee as their Interests (as defined below in this Section 7.06) may appear, as additional insureds (the “Specified Persons”), (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 the Company (or any Permitted Lessee) and shall insure the Specified Persons’ Interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Company (or any Permitted 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 whatever, or if any change is made in the policy that materially reduces the amount of insurance or the coverage certified in the insurance report delivered on the applicable Aircraft Closing Date for such Aircraft to the Security Agent, 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 have no 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 the Company has waived its rights by its agreements to indemnify the Specified Persons pursuant to the Operative Documents, (E) be primary without right of contribution from any other insurance that may be carried by each Specified Person with respect to its Interests as such in such Aircraft and (G) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. “Interests” as used in this Section 7.06(a) and in Section 7.06(b) with respect to any Person means the interests of such Person in the transactions contemplated by the Operative Documents. In the case of a lease or contract with any government in respect of such Aircraft or any such Engine, or in the case of any requisition for use of such Aircraft or any such Engine by any government, a valid agreement by such government to indemnify the Company, or an insurance policy issued by such government, against any of the risks that the Company is required hereunder to insure against shall be considered adequate insurance for purposes of this

Section 7.06(a) to the extent of the risks (and in the amounts) that are the subject of such indemnification or insurance. To the extent that the war risk and allied perils insurance provider does not provide for provision of direct notice to each Specified Person of cancellation, change or lapse in the insurance required hereunder, the Company hereby agrees that upon receipt of notice of any thereof from such insurance provider it shall give each Specified Person immediate notice of each cancellation or lapse of, or material change to, such insurance.

(ii) During any period that such Airframe or any such Engine, as the case may be, is on the ground and not in operation, the Company may carry or cause to be carried as to such non-operating Airframe or Engine, in lieu of the insurance required by clause (i) above, and subject to self-insurance to the extent permitted by Section 7.06(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 the Company (or, in the case of a lease to a Permitted Lessee, such Permitted 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 shall be applicable to airframes or engines owned or leased by the Company (or such Permitted 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 the rights of the Company to establish and maintain self-insurance in the manner and to the extent specified in Section 7.06(c), the Company shall maintain, or cause to be maintained, in effect with insurers of recognized responsibility, at no expense to the Security Agent or the Trustee, all-risk aircraft hull insurance covering such Aircraft and all-risk coverage with respect to any such Engines or Parts while removed from such Aircraft (including, without limitation, war risk and allied perils insurance if and to the extent the same is maintained by the Company (or, in the case of a lease to a Permitted Lessee, such Permitted Lessee) with respect to other aircraft operated by the Company or such Permitted Lessee, as the case may be, on the same or similar routes) that is of the type usually carried by corporations engaged in the same or similar business and similarly situated with the Company or such Permitted Lessee, as the case may be; provided that (A) such insurance (including the permitted self-insurance) shall at all times while such Aircraft is subject to this Aircraft Security Agreement be

for an amount not less than 110% of the applicable Allocable Portion with respect to such Aircraft from time to time and (B) such insurance need not cover any such Engine while attached to an airframe not owned, leased or operated by the Company, provided that such Engine is covered by a separate policy of insurance. With respect to such Aircraft, any policies carried in accordance with this Section 7.06(b) and any policies taken out in substitution or replacement for any such policies shall (A) provide that (I) any insurance proceeds up to an amount equal to the applicable Allocable Portion with respect to such Aircraft from time to time, together with accrued but unpaid interest thereon, plus an amount equal to the interest that would accrue on such Allocable Portion at the Debt Rate in effect on the date of payment of such insurance proceeds to the Security Agent (as provided for in this sentence) during the period commencing on the day following the date of such payment to the Security Agent and ending on the applicable Loss Payment Date (the sum of such three amounts, with respect to such Aircraft, being the "Loan Amount" for such Aircraft), payable for any loss or damage constituting an Event of Loss with respect to such Aircraft, and (II) any insurance proceeds in excess of the amount set forth on **Exhibit C** with respect to the aircraft type of such Aircraft up to the amount of the applicable Loan Amount for such Aircraft for any loss or damage to such Aircraft (or Engines relating to such Aircraft) not constituting an Event of Loss with respect to such Aircraft, shall be paid to the Security Agent as long as this Aircraft Security Agreement shall not have been discharged, and that all other amounts shall be payable to the Company, 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 such Aircraft (or such Engines) up to the amount of such Loan Amount shall be payable to the Security Agent, (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 the Company (or any Permitted Lessee) and shall insure the Specified Persons' Interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Company (or any Permitted 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 materially reduces the amount of insurance or the coverage certified in the insurance report delivered on the applicable Aircraft Closing Date for such Aircraft to the Security Agent, or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to the Specified Persons for 30 days (seven days, or such other period as is customarily available in the industry, in the case of war risk or allied perils coverage) after receipt by the Specified Persons of written

notice from such insurers of such cancellation, change or lapse, (D) provide that the Specified Persons shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance, (E) provide that the insurers shall waive 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 the Company has waived its rights by its agreement to indemnify the Specified Persons pursuant to the Operative Documents, and (E) be primary without right of contribution from any other insurance that may be carried by any Specified Person with respect to its Interests as such in such Aircraft. In the case of a lease or contract with any government in respect of such Aircraft or any such Engine, or in the case of any requisition for use of such Aircraft or any such Engine by any government, a valid agreement by such government to indemnify the Company, or an insurance policy issued by such government, against any risks which the Company is required hereunder to insure against shall be considered adequate insurance for purposes of this Section 7.06(b) to the extent of the risks (and in the amounts) that are the subject of such indemnification or insurance. To the extent that the war risk and allied perils insurance provider does not provide for provision of direct notice to each Specified Person of cancellation, change or lapse in the insurance required hereunder, the Company hereby agrees that upon receipt of notice of any thereof from such insurance provider it shall give each Specified Person immediate notice of each cancellation or lapse of, or material change to, such insurance.

(ii) During any period that such Airframe or any such Engine is on the ground and not in operation, the Company may carry or cause to be carried as to such non-operating Airframe or Engine, in lieu of the insurance required by clause (i) above, and subject to self-insurance to the extent permitted by Section 7.06(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 the Company (or, if a lease is then in effect, by the Permitted Lessee) of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation; provided that, subject to self-insurance to the extent permitted by Section 7.06(c), the Company (or such Permitted Lessee) shall maintain insurance against risk of loss or damage to such non-operating Airframe in an amount at least equal to 110% of the applicable Allocable Portion with respect to such Aircraft from time to time during such period that such Airframe is on the ground and not in operation.

(c) Self-Insurance. The Company 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 Section 7.06(a) or Section 7.06(b)), insuring for a maximum amount that is less than the amounts set forth in Section 7.06(a) and Section 7.06(b)), the risks required to be insured against pursuant to Section 7.06(a) and Section 7.06(b) with respect to such Aircraft, but in no case shall the self-insurance with respect to all of the aircraft and engines in the Company's fleet (including, without limitation, such 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, such Aircraft) on which the Company carries insurance, unless an insurance broker of national standing shall certify that the standard among all other major United States airlines is a higher level of self-insurance, in which case the Company may self-insure such Aircraft to such higher level. In addition to the foregoing right to self-insure, the Company may self-insure to the extent of (1) any deductible per occurrence that, in the case of such Aircraft, is not in excess of the amount customarily allowed as a deductible in the industry or is required to facilitate claims handling or (2) any applicable mandatory minimum per aircraft (or if applicable per annum or other period) hull or liability insurance deductibles imposed by the aircraft or hull liability insurers.

(d) Application of Insurance Payments. All losses will be adjusted by the Company with the insurers. As among the Security Agent, the Trustee and the Company it is agreed that, with respect to such Aircraft, all insurance payments received under policies required to be maintained by the Company hereunder, exclusive of any payments received in excess of the applicable Loan Amount for such Aircraft, as the result of the occurrence of an Event of Loss with respect to such Airframe or any such Engine related to such Airframe will be applied as follows:

(i) if such payments are received with respect to such Airframe or such Airframe and any Engines installed on such Airframe that has been or is being replaced by the Company pursuant to Section 7.05(a), such payments shall be paid over to, or retained by, the Security Agent and upon completion of such replacement shall be paid over to, or retained by, the Company;

(ii) (A) if such payments are received with respect to such Airframe or such Airframe and any Engines installed on such Airframe that has not been and will not be replaced pursuant to Section 7.05(a) and the Company has not yet paid the redemption price required to be paid by the Company pursuant to Section 2.19(c) of the Indenture, each of the Company and the Trustee shall pay over any such payments to the Security Agent, and, promptly upon receipt of such

payments from any Person, after reimbursement of the Security Agent for its costs and expenses (provided that the aggregate amount of such costs and expenses so reimbursed shall not exceed the redemption price payable by the Company pursuant to Section 2.19(c) of the Indenture), the Security Agent shall (x) distribute so much of such payments as to not exceed the redemption price payable by the Company pursuant to Section 2.19(c) of the Indenture to the Trustee (and the Trustee hereby agrees to apply such amounts to the Company's obligation pursuant to Section 2.19(c) of the Indenture to pay such redemption price) and (y) pay over the balance, if any, of such payments remaining thereafter to the Company or its designee; or (B) if such payments are received with respect to such Airframe or such Airframe and any Engines installed on such Airframe that has not been and will not be replaced pursuant to Section 7.05(a) and the Company has already paid the redemption price required to be paid by the Company pursuant to Section 2.19(c) of the Indenture, after reimbursement of the Security Agent for its costs and expenses (provided that the aggregate amount of such costs and expenses so reimbursed shall not exceed the redemption price payable by the Company pursuant to Section 2.19(c) of the Indenture), such payments shall be paid over to, or retained by, the Company or its designee; and

(iii) if such payments are received with respect to any such Engine with regard to which an Event of Loss contemplated by Section 7.05(b) has occurred, so much of such payments remaining after reimbursement of the Security Agent for its costs and expenses shall be paid over to, or retained by, the Company or its designee; provided that the Company shall have fully performed its obligations under Section 7.05(b) with respect to the Event of Loss for which such payments are made.

In all events, (x) the insurance payment of any property damage or loss with respect to property other than such Airframe or any such Engine received under policies maintained by the Company, and (y) the insurance payment for any loss or damage to such Aircraft in excess of the applicable Loan Amount for such Aircraft, shall be paid to the Company or its designee.

The insurance payments for any loss or damage to such Airframe or any such Engine not constituting an Event of Loss with respect to such Airframe or such Engine will be applied in payment (or to reimburse the Company) for repairs or for replacement property in accordance with the terms of Section 7.02 and Section 7.04, and any balance remaining after compliance with such Sections with respect to such loss or damage shall be paid to the Company or its designee. Any amount referred to in the preceding sentence or in clause (i) or (iii) of the second preceding paragraph that is payable to the

Company or its designee shall not be paid to the Company (or, if it has been previously paid directly to the Company, shall not be retained by the Company) if at the time of such payment an Event of Default or Payment Default shall have occurred and be continuing, but shall be paid to and, subject to Section 5.06, held by the Security Agent as security for the obligations of the Company under this Aircraft Security Agreement and the Indenture, and at such time as there shall not be continuing any such Event of Default or Payment Default, such amount shall be paid to the Company or its designee.

(e) Reports, Etc. On or before the applicable Aircraft Closing Date for such Aircraft and annually upon renewal of the Company's insurance coverage, the Company will furnish to the Security Agent a report signed by a firm of independent aircraft insurance brokers appointed by the Company (which firm may be in the regular employ of the Company), stating the opinion of such firm that the commercial hull and liability insurance then carried and maintained on such Aircraft complies with the terms hereof; provided that all information contained in such report shall be Confidential Information and shall be treated by each of the Security Agent and the Trustee and each of their affiliates and officers, directors, sub-agents and employees in accordance with the provisions of Section 13.18 of the Indenture. The Company will cause such firm to agree to advise the Security Agent in writing of any act or omission on the part of the Company of which such firm has knowledge that might invalidate or render unenforceable, in whole or in part, any insurance on such Aircraft. The Company will also cause such firm to advise the Security Agent in writing as promptly as practicable after such firm acquires knowledge that an interruption of any insurance carried and maintained on such Aircraft pursuant to this Section 7.06 will occur. Such information may only be provided to other Persons in accordance with Section 13.18 of the Indenture.

(f) Salvage Rights. All salvage rights to such Airframe and each such Engine shall remain with the Company's insurers at all times, and any insurance policies of the Security Agent insuring such Airframe or any such Engine shall provide for a release to the Company of any and all salvage rights in and to such Airframe or any such Engine.

(g) Right to Pay Premium. In the event of cancellation of any insurance required to be maintained hereunder due to the nonpayment of premiums, the Security Agent shall have the option, in its sole discretion, to pay any such premium in respect to such Aircraft that is due in respect of the coverage pursuant to this Aircraft Security Agreement and to maintain such coverage, as the Security Agent may require, until the scheduled expiry date of such insurance and, in such event, the Company shall, upon demand, reimburse the Security Agent for amounts so paid by it.

(h) Insurance for Own Account. Nothing in this Section 7.06 shall limit or prohibit (i) the Company from maintaining the policies of insurance required pursuant to

this Section 7.06 with higher limits than those specified herein or (ii) the Security Agent or the Company from obtaining insurance for its own account, and at its sole expense, with respect to such Airframe or any such 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 7.06 or any other insurance maintained by the Company (or any Permitted Lessee) with respect to such Aircraft or any other aircraft in the Company's (or such Permitted Lessee's) fleet.

ARTICLE VIII
RESIGNATION AND REPLACEMENT
OF SECURITY AGENT, ETC.

Section 8.01. Resignation and Replacement of Security Agent.

(a) General. The Security Agent may resign by so notifying the Company and the Trustee in writing. If U.S. Bank or a successor Trustee under the Indenture resigns as Trustee under the Indenture or is otherwise no longer the Trustee under the Indenture, U.S. Bank or such successor Trustee, as the case may be, shall resign and be replaced as Security Agent hereunder by the institution acting as successor Trustee under the Indenture as promptly as practicable and in accordance with this Section 8.01. In addition, the Security Agent may be removed and replaced with a successor Security Agent in accordance with the second sentence of Section 5.09 of the Indenture.

(b) Acceptance of Appointment by Successor and Transfer of Rights, Etc. A successor Security Agent shall execute and deliver a written acceptance of its appointment to the retiring Security Agent and to the Company. Immediately after that, the resignation or removal of the retiring Security Agent shall become effective, and the successor Security Agent shall succeed to and become vested with all the rights, powers and duties of the Security Agent under this Aircraft Security Agreement. On request of the Company or the successor Security Agent, the retiring Security Agent shall execute and deliver an instrument transferring to such successor Security Agent all such rights, power and duties of the retiring Security Agent and shall duly and promptly assign, transfer and deliver all property and all books and records (or true, correct and complete copies thereof), held by the retiring Security Agent in its capacity as Security Agent. Upon request of any such successor Security Agent, the Company, the retiring Security Agent and such successor Security Agent shall execute and deliver and any all instruments containing such provisions as shall be necessary or desirable to transfer and

confirm to, and for more fully and certainly vesting in, such successor Security Agent, all such rights powers and duties.

(c) Resignation or Removal Not Effective Until Acceptance of Appointment by a Successor; Right to Petition Court for Appointment of a Successor. No resignation or removal of the Security Agent and no appointment of a successor Security Agent, pursuant to this Article VIII, shall become effective until the acceptance of appointment by the successor Security Agent under this Section 8.01. If a successor Security Agent does not take office within 60 days after the retiring Security Agent resigns or is removed, the retiring Security Agent, the Company or the Noteholders of at least 10% in aggregate principal amount of the Notes Outstanding may petition any court of competent jurisdiction for the appointment of a successor Security Agent.

(d) Continuing Benefit. After any retiring Security Agent's resignation or removal, the provisions of this Aircraft Security Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it under this Aircraft Security Agreement while it was Security Agent.

(e) Eligibility. The Security Agent shall be a Citizen of the United States (without the use of a voting trust) and a bank, trust company or other financial institution organized and doing business under the laws of the United States or any state thereof or the District of Columbia, and shall have a combined capital and surplus of at least \$50,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereinafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States or any state or territory thereof or the District of Columbia and having a combined capital and surplus of at least \$50,000,000), as set forth in its most recent, published annual report of condition. The Security Agent shall satisfy and comply with any applicable requirements of the TIA.

(f) Right to Petition Court for Removal of the Security Agent. If the Security Agent fails to comply with Section 8.01(e), any Noteholder may petition any court of competent jurisdiction for the removal of the Security Agent and the appointment of a successor Security Agent.

Section 8.02. Appointment of Additional and Separate Security Agents.

(a) Circumstances of, and Procedures for, Appointment. Whenever (i) the Security Agent shall deem it necessary or desirable in order to conform to any law of any jurisdiction in which all or any part of the Aircraft Collateral shall be situated or to make any claim or bring any suit with respect to or in connection with the Aircraft Collateral,

any Operative Document or any of the transactions contemplated by the Operative Documents, (ii) the Security Agent shall be advised by counsel satisfactory to it that it is necessary or prudent in the interests of the Noteholders (and the Security Agent shall so advise the Company) or (iii) the Security Agent shall have been requested to do so by a Majority in Interest of Noteholders, then in any such case, the Security Agent and, upon the written request of the Security Agent, the Company, shall execute and deliver a security agreement supplement and such other instruments as may from time to time be necessary or advisable either (1) to constitute one or more banks or trust companies or corporations meeting the requirements of Section 8.01(e) and approved by the Security Agent, either to act jointly with the Security Agent as additional security agent or security agents with respect to all or any part of the Aircraft Collateral or to act as separate security agent or security agents with respect to all or any part of the Aircraft Collateral, in each case with such rights, powers, duties and obligations consistent with this Aircraft Security Agreement as may be provided in such supplemental security agreement or other instruments as the Security Agent or the Trustee may deem necessary or advisable, or (2) to clarify, add to or subtract from the rights, powers, duties and obligations theretofore granted any such additional or separate security agent, subject in each case to the remaining provisions of this Section 8.02. If no Event of Default has occurred and is continuing, no additional or supplemental security agent shall be appointed without the Company's consent. If the Company shall not have taken any action requested of it under this Section 8.02(a) that is required by its terms within 15 days of a written request from the Security Agent to do so, or if an Event of Default shall have occurred and be continuing, the Security Agent may act under the foregoing provisions of this Section 8.02(a) without the concurrence of the Company, and, to the extent permitted by applicable law, the Company hereby irrevocably appoints (which appointment is coupled with an interest) the Security Agent as its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 8.02(a). The Security Agent may, in such capacity, execute, deliver and perform any such security agreement supplement, or any such instrument, as may be required for the appointment of any such additional or separate security agent or for the clarification of, addition to or subtraction from the rights, powers, duties or obligations theretofore granted to any such additional or separate security agent, subject in each case to the remaining provisions of this Section 8.02. In case any additional or separate security agent appointed under this Section 8.02(a) shall become incapable of acting, resign or be removed, all the assets, property, rights, powers, trusts, duties and obligations of such additional or separate security agent shall revert to the Security Agent until a successor additional or separate security agent is appointed as provided in this Section 8.02(a).

(b) Powers of Additional or Separate Security Agents. No additional or separate security agent shall be entitled to exercise any of the rights, powers, duties and

obligations conferred upon the Security Agent in respect of the custody, investment and payment of monies and all monies received by any such additional or separate security agent from or constituting part of the Aircraft Collateral or otherwise payable under any Operative Documents to the Security Agent shall be promptly paid over by it to the Security Agent. All other rights, powers, duties and obligations conferred or imposed upon any additional or separate security agent shall be exercised or performed by the Security Agent and such additional or separate security agent jointly except to the extent that applicable law of any jurisdiction in which any particular act is to be performed renders the Security Agent incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations (including the holding of title to all or part of the Aircraft Collateral in any such jurisdiction) shall be exercised and performed by such additional or separate security agent. No additional or separate security agent shall take any discretionary action except on the instructions of the Security Agent or the Trustee. No security agent hereunder shall be personally liable by reason of any act or omission of any other security agent hereunder, except that the Security Agent shall be liable for the consequences of its lack of reasonable care in selecting, and the Security Agent's own actions in acting with, any additional or separate security agent. Each additional or separate security agent appointed pursuant to this Section 8.02 shall be subject to, and shall have the benefit of Article IV, Article V, Article VI, Article VIII, Article IX and Article X hereof insofar as they apply to the Security Agent. The powers of any additional or separate security agent appointed pursuant to this Section 8.02 shall not in any case exceed those of the Security Agent hereunder.

(c) Removal of Additional or Separate Security Agents. If at any time the Security Agent shall deem it no longer necessary or desirable to continue the appointment of any additional or separate security agent or in the event that the Security Agent shall have been requested to do so in writing by a Majority in Interest of Noteholders, the Security Agent and, upon the written request of the Security Agent, the Company, shall execute and deliver a security agreement supplement and all other instruments and agreements necessary or proper to remove any additional or separate security agent. The Security Agent may act on behalf of the Company under this Section 8.02(c) when and to the extent it could so act under Section 8.02(a) hereof. The Company may remove an additional or separate security agent if:

- (i) such security agent fails to comply with Section 8.2(e) hereof;
- (ii) such security agent is adjudged a bankrupt or an insolvent;
- (iii) a receiver or other public officer takes charge of such security agent or its property or affairs;

(iv) such security agent becomes incapable of acting; or

(v) no Default or Event of Default has occurred and is continuing and the Company determines in good faith to remove such security agent.

Section 8.03. Successor Security Agent by Merger, etc. If the Security Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another Person, the resulting, surviving, succeeding or transferee Person without any further act shall be the successor Security Agent (provided that such successor Person shall be otherwise qualified and eligible under this Article VIII), without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE IX

CERTAIN COVENANTS; DISPOSITION, SUBSTITUTION AND RELEASE OF AIRCRAFT COLLATERAL

Section 9.01. Certain Covenants of the Company.

(a) Obligations under the Notes and Other Operative Documents. The Company agrees to pay, perform and observe all of the agreements, covenants and obligations of the Company set forth in the Notes and the other Operative Documents (it being agreed that this Section 9.01(a) shall not restrict the ability to amend, modify or supplement, or waive compliance with, the Notes or any other Operative Document in accordance with the terms thereof). Without limiting the effect of any of the Operative Documents and for the avoidance of doubt, it is acknowledged and agreed by each of the parties hereto that the Company's obligations under the Notes and the other Operative Documents constitute "obligations of the debtor" under this security agreement for purposes of 11 U.S.C. Section 1110(a)(2).

(b) Further Assurances. On and after the date hereof, the Company will cause to be done, executed, acknowledged and delivered such further acts, conveyances and assurances as the Security Agent shall reasonably request for accomplishing the purposes of this Aircraft Security Agreement; provided that any instrument or other document so executed by the Company will not expand any obligations or limit any rights of the Company in respect of the transactions contemplated by the Operative Documents.

(c) Filing and Recordation of this Aircraft Security Agreement; Registration of International Interests. The Company, at its own expense, will cause this Aircraft Security Agreement (with each Aircraft Security Supplement covering an Aircraft being subjected to the Lien of this Aircraft Security Agreement attached) to be promptly filed and recorded, or filed for recording, with the FAA to the extent permitted under the Transportation Code and the rules and regulations of the FAA thereunder. In addition, on or prior to each Aircraft Closing Date, the Company will cause the registration of the International Interests (or Prospective International Interests) created under this Aircraft Security Agreement (as supplemented by each Aircraft Security Agreement Supplement covering an Aircraft being subjected to the Lien of this Aircraft Security Agreement on such Aircraft Closing Date) to be effected on the International Registry in accordance with the Cape Town Treaty, and shall, as and to the extent applicable, consent to such registration upon the issuance of a request for such consent by the International Registry.

(d) Maintenance of Filings. The Company, at its expense, will take, or cause to be taken, such action with respect to the due and timely recording, filing, re-recording and re-filing of this Aircraft Security Agreement and any financing statements and any continuation statements or other instruments as are necessary to maintain, so long as this Aircraft Security Agreement is in effect, the perfection of the security interests created by this Aircraft Security Agreement or will furnish the Security Agent timely notice of the necessity of such action, together with such instruments, in execution form, and such other information as may be required to enable the Security Agent to take such action. In addition, with respect to each Aircraft, the Company will pay any and all recording, stamp and other similar taxes payable in the United States, and in any other jurisdiction where such Aircraft is registered, in connection with the execution, delivery, recording, filing, re-recording and re-filing of this Aircraft Security Agreement or any such financing statements or other instruments. The Company will notify the Security Agent of any change in its jurisdiction of organization (as such term is used in Article 9 of the Uniform Commercial Code as in effect in the State of Delaware) promptly after making such change or in any event within the period of time necessary under applicable law to prevent the lapse of perfection (absent re-filing) of financing statements filed under the Operative Documents.

(e) Section 1110. The Company shall, for as long as and to the extent required under Section 1110 in order that the Security Agent shall be entitled to any of the benefits of Section 1110 with respect to each Aircraft, remain a Certificated Air Carrier.

Section 9.02. Certain Covenants of the Security Agent and the Trustee.

(a) Continuing Registration and Re-Registration. Each of the Security Agent and the Trustee agrees to execute and deliver, at the Company's expense, all such documents and consents as the Company may reasonably request for the purpose of continuing the registration of any Aircraft at the FAA in the Company's name or for the purpose of registering or maintaining any registration on the International Registry in respect of such Aircraft. In addition, each of the Security Agent and the Trustee agrees, for the benefit of the Company, to cooperate with the Company in effecting any foreign registration of any such Aircraft pursuant to Section 7.02(e) hereof; provided that prior to any such change in the country of registry of such Aircraft the conditions set forth in Section 7.02(e) hereof are met to the reasonable satisfaction of, or waived by, the Security Agent.

(b) Quiet Enjoyment. Each of the Security Agent and the Trustee agrees, with respect to each Aircraft, that, unless an Event of Default shall have occurred and be continuing, it shall not (and shall not permit any Affiliate or other Person claiming by, through or under it to) take any action contrary to, or otherwise in any way interfere with or disturb (and then only in accordance with this Aircraft Security Agreement), the quiet enjoyment of the use and possession of such Aircraft, the related Airframe, any related Engine or any Part thereof by the Company or any transferee of any interest in any thereof permitted under this Aircraft Security Agreement.

(c) Cooperation. Each of the Security Agent and the Trustee will cooperate with the Company in connection with the recording, filing, re-recording and re-filing of this Aircraft Security Agreement and any Aircraft Security Agreement Supplements and any financing statements or other documents as are necessary to maintain the perfection hereof or otherwise protect the security interests created hereby.

Section 9.03. Disposition, Substitution and Release of Aircraft Collateral. The following provisions shall apply from and after the time the Indenture is qualified under the TIA:

(a) Parts. Any Parts and alterations, improvements and modifications in or additions to any Aircraft shall, to the extent required or specified by this Aircraft Security Agreement, become subject to the Lien of this Aircraft Security Agreement; provided that, to the extent permitted by and as provided in Section 7.04 hereof, the Company shall have the right, at any time and from time to time, without any release from or consent by the Security Agent, to remove, replace and pool Parts and to make alterations, improvements and modifications in, and additions to, any Aircraft. The Security Agent agrees that, to the extent permitted

by and as provided in Section 7.04 hereof, title to any such removed or replaced Part shall vest in the Company. The Security Agent shall from time to time execute an appropriate written instrument or instruments to confirm the release of the security interest of the Security Agent in any Part as provided in Section 7.04 hereof, in each case upon receipt by the Security Agent of a Request stating that such action was duly taken by the Company in conformity with such Section 7.04 and that the execution of such written instrument or instruments is appropriate to evidence such release of a security interest under such Section 7.04.

(b) Substitution upon an Event of Loss Occurring to an Airframe or Engines or upon Substitution of an Engine. Upon (i) the occurrence of an Event of Loss occurring to any Airframe or Engine, or (ii) a substitution of an Engine, the Company may, in the case of an Event of Loss which has occurred to an Airframe, or shall, in the case of an Event of Loss which has occurred to or substitution with respect to an Engine, substitute an airframe or engine, as the case may be, in which case, upon satisfaction of all conditions to such substitution specified in Section 7.05 hereof and the additional conditions specified in Section 9.03(c), if applicable, the Trustee shall cause the Security Agent to execute and deliver the applicable release documents described in Section 7.05 hereof.

(c) Release Certificate. The Security Agent's release of all of its right, interest and lien in and to an Airframe or Engine, as provided for in Section 9.03(b), shall be subject to the condition that the Security Agent shall have received (i) a certificate of an engineer, appraiser or other expert stating the fair value to the Company of the airframe or engine to be substituted for such Airframe or Engine; provided that (x) such certificate shall be prepared by an Independent engineer, appraiser or other expert if within six months prior to the date of acquisition of such airframe or engine by the Company, such airframe or engine has been used or operated by a Person or Persons other than the Company, in a business similar to that in which such Airframe or Engine, as the case may be, has been or is to be operated by the Company, but (y) such certificate of an Independent engineer, appraiser or other expert shall not be required in the case of any such substitution if the fair value to the Company of the airframe or engine to be so substituted as set forth in the certificate required by this clause (i) is less than \$25,000 or less than 1% of the aggregate principal amount of the Notes at the time Outstanding; and (ii) a certificate of an engineer, appraiser or other expert as to the fair value of such Airframe or Engine, as the case may be, to be released from the Lien of this Aircraft Security Agreement and stating that in the opinion of such Person the proposed release will not impair the security under this Aircraft Security Agreement in contravention of the provisions hereof; provided

that (x) such certificate shall be prepared by an Independent engineer, appraiser or other expert if the fair value of such Airframe or Engine, as the case may be, to be released from the lien of this Aircraft Security Agreement and of all other property and securities released since the commencement of the then current calendar year, as set forth in the certificates required by Section 314(d)(1) of the TIA, is 10% or more of the aggregate principal amount of the Notes at the time Outstanding, but (y) such certificate of an Independent engineer, appraiser or other expert shall not be required in the case of any such release of an Airframe or Engine if the fair value of such Airframe or Engine as set forth in the certificate required by this clause (ii) is less than \$25,000 or less than 1% of the aggregate principal amount of the Notes at the time Outstanding.

(d) General. The release of any portion of the Aircraft Collateral from the terms of this Aircraft Security Agreement will not be deemed to impair the security under this Aircraft Security Agreement in contravention of the provisions hereof if and to the extent such portion of the Aircraft Collateral is released pursuant to the terms of this Aircraft Security Agreement. To the extent applicable and not otherwise provided for in this Section 9.03, the Company shall cause TIA Section 314(d) relating to the release of property or securities from the Lien of this Indenture or the Aircraft Security Agreement, and relating to the substitution therefor of any property or securities to be subjected to the Lien of this Aircraft Security Agreement to be complied with.

ARTICLE X

MISCELLANEOUS

Section 10.01. Termination of this Aircraft Security Agreement. Subject to Section 7.04 and Section 7.05 (and without in any way limiting provisions regarding any release of the Lien of this Aircraft Security Agreement contained in such Section 7.04 or Section 7.05, as applicable), upon the discharge of obligations of the Company under the Indenture and the Notes pursuant to Section 13.01 of the Indenture, the Lien of this Aircraft Security Agreement shall terminate, and the Security Agent (and, if the Company so requests, the Trustee) shall execute and deliver to or as directed in writing by the Company an appropriate instrument releasing each Aircraft and Engine and all other Aircraft Collateral from the Lien of this Aircraft Security Agreement; provided that this Aircraft Security Agreement and the trusts created hereby shall earlier terminate and this Aircraft Security Agreement shall be of no further force or effect upon any sale or other final disposition by the Security Agent of all property constituting part of the Aircraft Collateral and the final distribution by the Security Agent of all monies or other

property or proceeds constituting part of the Aircraft Collateral in accordance with the terms hereof. Except as aforesaid otherwise provided, this Aircraft Security Agreement and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

Section 10.02. No Legal Title to Aircraft Collateral in the Noteholders. No holder of a Note shall have legal title to any part of the Aircraft Collateral. No transfer, by operation of law or otherwise, of any Note or other right, title and interest of any Noteholder in and to the Aircraft Collateral or hereunder shall operate to terminate this Aircraft Security Agreement or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Aircraft Collateral.

Section 10.03. Sale by the Security Agent Is Binding. Any sale or other conveyance of any Aircraft, the related Airframe, any related Engine or any interest therein by the Security Agent made pursuant to the terms of this Aircraft Security Agreement shall bind the Noteholders and the Company and shall be effective to transfer or convey all right, title and interest of the Security Agent, the Company and such Noteholders in and to such Aircraft, Airframe, Engine or interest therein. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Security Agent or the Noteholders.

Section 10.04. This Aircraft Security Agreement for the Benefit of the Company, the Noteholders, the Security Agent, the Trustee and the Other Indemnitees. Nothing in this Aircraft Security Agreement, whether express or implied, shall be construed to give any Person other than the Company, the Noteholders, the Security Agent, the Trustee and the other Indemnitees any legal or equitable right, remedy or claim under or in respect of this Aircraft Security Agreement, except that the Persons referred to in the second to last full paragraph of Section 7.02(a) shall be third party beneficiaries of such paragraph.

Section 10.05. 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 Aircraft Security Agreement shall be in English and in writing, and given by United States registered or certified mail, return receipt requested, 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:

if to the Company, addressed to:

American Airlines, Inc.
4333 Amon Carter Boulevard
Mail Drop 5662
Fort Worth, Texas 76155
Reference: American Airlines 2009-2 Secured Notes Due 2016
Attention: Treasurer
Telephone: (817) 963-1234
Facsimile: (817) 967-4318

if to the Security Agent, addressed to:

U.S. Bank Trust National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Corporate Trust Services
Reference: American Airlines 2009-2 Secured Notes Due 2016
Telephone: (617) 603-6553
Facsimile: (617) 603-6683;

if to the Trustee, addressed to:

U.S. Bank Trust National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Corporate Trust Services
Reference: American Airlines 2009-2 Secured Notes Due 2016
Telephone: (617) 603-6553
Facsimile: (617) 603-6683;

and

if to any Indemnitee other than the Security Agent or the Trustee, addressed to the address of such party (if any) set forth in Section 13.05 of the Indenture or to such other address as such Indemnitee shall have furnished by notice to the Company and the Security Agent.

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 10.05.

Section 10.06. Severability. To the extent permitted by applicable law, any provision of this Aircraft Security Agreement that 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.07. No Oral Modification or Continuing Waivers. Subject to Article XII of the Indenture, no terms or provisions of this Aircraft Security Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Company, the Security Agent and the Trustee; provided that, if U.S. Bank is a Person against whom the enforcement of such instrument is sought, such instrument shall also be signed by U.S. Bank. Without limiting the generality of the third sentence of Section 6.01, the Security Agent agrees to be bound by the terms of Article XII of the Indenture. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 10.08. Successors and Assigns. All covenants and agreements contained herein shall bind and inure to the benefit of, and be enforceable by, each of the parties hereto and the successors and permitted assigns of each, all as herein provided.

Section 10.09. Headings. The headings of the various Articles and Sections herein and in the Table of Contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 10.10. Normal Commercial Relations. Anything contained in this Aircraft Security Agreement to the contrary notwithstanding, the Security Agent, the Trustee, any Noteholder or any other party to any of the Operative Documents or any of their affiliates may conduct any banking or other financial transactions, and have banking or other commercial relationships, with the Company, fully to the same extent as if this Aircraft Security Agreement were not in effect, including without limitation the making of loans or other extensions of credit to the Company for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

Section 10.11. Survival of Representations, Warranties, Indemnities, Covenants and Agreements. Without limiting the generality of the third sentence of Section 6.01, the Security Agent agrees to be bound by the terms of Section 13.20 of the Indenture.

Section 10.12. Section 1110. It is the intention of the parties hereto that the security interest created hereby, to the fullest extent available under applicable law, entitles the Security Agent, on behalf of the Noteholders, to all of the benefits of Section 1110 with respect to each Aircraft.

Section 10.13. The Company's Performance and Rights. Any obligation imposed on the Company herein shall require only that the Company perform or cause to be performed such obligation, even if stated as a direct obligation, and the performance of any such obligation by any permitted assignee, lessee or transferee under an assignment, lease or transfer agreement then in effect and in accordance with the provisions of the Operative Documents shall constitute performance by the Company and, to the extent of such performance, discharge such obligation by the Company. Except as otherwise expressly provided herein, any right granted to the Company in this Aircraft Security Agreement shall grant the Company the right to permit such right to be exercised by any such assignee, lessee or transferee, and, in the case of a lessee, as if the terms hereof were applicable to such lessee were such lessee the Company hereunder. The inclusion of specific references to obligations or rights of any such assignee, lessee or transferee in certain provisions of this Aircraft Security Agreement shall not in any way prevent or diminish the application of the provisions of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any such assignee, lessee or transferee has not been made in this Aircraft Security Agreement.

Section 10.14. Counterparts. This Aircraft Security Agreement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Aircraft Security Agreement including a signature page or pages executed by each of the parties hereto shall be an original counterpart of this Aircraft Security Agreement, but all of such counterparts together shall constitute one instrument.

Section 10.15. Governing Law. **THIS AIRCRAFT SECURITY AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AIRCRAFT SECURITY AGREEMENT AND ANY AIRCRAFT SECURITY AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.**

Section 10.16. Confidential Information. Without limiting the generality of the third sentence of Section 6.01, the Security Agent agrees to be bound by the terms of Section 13.18 of the Indenture.

Section 10.17. Submission to Jurisdiction. Each of the parties hereto, to the extent it may do so under applicable law, for purposes hereof and of all other Operative Documents hereby (a) irrevocably submits itself to the non-exclusive jurisdiction of the courts of the State of New York sitting in the City of New York and to the non-exclusive jurisdiction 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 Aircraft Security Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto or thereto, or their successors or permitted assigns and (b) waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Aircraft Security Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by such courts.

Section 10.18. Conflict with Trust Indenture Act of 1939. It is intended that, when the Indenture is qualified under the TIA as contemplated by the Registration Rights Agreement, this Aircraft Security Agreement will become subject to the TIA. If any provision hereof limits, qualifies or conflicts with a provision of the TIA that is required by the TIA to be a part of and govern this Aircraft Security Agreement, then the provision of the TIA shall control. If any provision of this Aircraft Security Agreement modifies or excludes any provision of the TIA that may be so modified or excluded, the provision of the TIA shall be deemed to apply to this Aircraft Security Agreement as so modified, or to be excluded, as the case may be, whether or not such provision of this Aircraft Security Agreement expressly refers to such provision of the TIA.

[Signature Pages Follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Aircraft Security Agreement to be duly executed by their respective officers thereof duly authorized, as of the date first above written.

AMERICAN AIRLINES, INC.

By: _____

Name:

Title:

Signature Page

Aircraft Security Agreement
AA 2009-2 Secured Notes

U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity, except as expressly stated herein, but solely as Security Agent

By: _____

Name:

Title:

U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity, except as expressly stated herein, but solely as Trustee

By: _____

Name:

Title:

Signature Page

Aircraft Security Agreement
AA 2009-2 Secured Notes

FORM OF AIRCRAFT SECURITY AGREEMENT SUPPLEMENT

AIRCRAFT SECURITY AGREEMENT SUPPLEMENT NO.

AIRCRAFT SECURITY AGREEMENT SUPPLEMENT NO. ____, dated _____, ____ (“Aircraft Security Agreement Supplement”), among AMERICAN AIRLINES, INC. (the “Company”), U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity but solely as Security Agent under the Aircraft Security Agreement and U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee (each as hereinafter defined).

WITNESSETH:

WHEREAS, the Aircraft Security Agreement, dated as of _____, 2009 (the “Aircraft Security Agreement”; capitalized terms used herein without definition shall have the meanings specified therefor in Annex A to the Aircraft Security Agreement), among the Company, U.S. Bank Trust National Association, not in its individual capacity, except as expressly provided therein, but solely as Security Agent (the “Security Agent”) and U.S. Bank Trust National Association, not in its individual capacity, except as expressly provided therein, but solely as Trustee (the “Trustee”), provides for the execution and delivery of supplements thereto substantially in the form hereof which shall particularly describe an Aircraft, and shall specifically grant a security interest in such Aircraft to the Security Agent; and

[WHEREAS, the Aircraft Security Agreement relates to the Airframe and Engines described in Annex A attached hereto and made a part hereof, and a counterpart of the Aircraft Security Agreement Supplement is attached to and made a part of this Aircraft Security Agreement;]³

[WHEREAS, the Company has, as provided in the Aircraft Security Agreement, heretofore executed and delivered to the Security Agent and the Trustee Aircraft Security Agreement Supplement(s) for the purpose of specifically subjecting to the Lien of the Aircraft Security Agreement certain airframes and/or engines therein described, which Aircraft Security Agreement Supplement(s) is/are dated and has/have been duly recorded with the FAA as set forth below, to wit:

<u>Date</u>	<u>Recordation Date</u>	<u>Conveyance No.]⁴</u>
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³ Use for Aircraft Security Agreement Supplement No. 1 only.

⁴ Use for all Aircraft Security Agreement Supplements other than Aircraft Security Agreement Supplement No. 1.

NOW, THEREFORE, to secure (i) the prompt and complete payment (whether at stated maturity, by acceleration or otherwise) of principal of, interest on (including interest on any overdue amounts), and Make-Whole Amount, if any, with respect to, and all other amounts due under, the Notes, (ii) all other amounts payable by the Company under the Operative Documents and (iii) the performance and observance by the Company of all the agreements and covenants to be performed or observed by the Company for the benefit of the Noteholders and the Indemnitees contained in the Operative Documents, and in consideration of the premises and of the covenants contained in the Operative Documents, and for other good and valuable consideration given by the Noteholders and the Indemnitees to the Company at or before the initial Aircraft Closing Date, the receipt and adequacy of which are hereby acknowledged, the Company does hereby grant, bargain, sell, convey, transfer, mortgage, assign, pledge and confirm unto the Security Agent and its successors in trust and permitted assigns, for the security and benefit of the Noteholders and the Indemnitees, a first priority security interest in, and mortgage lien on, all estate, right, title and interest of the Company in, to and under the Aircraft, including the Airframe and Engines described in Annex A attached hereto, whether or not any such Engine may from time to time be installed on the Airframe or any other airframe or any other aircraft, and any and all Parts relating thereto, and, to the extent provided in the Aircraft Security Agreement, all substitutions and replacements of, and additions, improvements, accessions and accumulations to, the Aircraft, including the Airframe, the Engines and any and all Parts (in each case other than any substitutions, replacements, additions, improvements, accessions and accumulations that constitute items excluded from the definition of Parts by clauses (b), (c) and (d) thereof) relating thereto;

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Security Agent, and its successors and permitted assigns, in trust for the equal and proportionate benefit and security of the Noteholders and the Indemnitees, except as otherwise provided in the Aircraft Security Agreement or the Indenture, including Section 2.13 of the Indenture, the definition of "Outstanding" and Article III of the Indenture, without any priority of any one Note over any other, by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Aircraft Security Agreement and the Indenture.

This Aircraft Security Agreement Supplement shall be construed as supplemental to the Aircraft Security Agreement and shall form a part thereof, and the Aircraft Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

THIS AIRCRAFT SECURITY AGREEMENT SUPPLEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

[Signature Pages Follow.]

IN WITNESS WHEREOF, the undersigned have caused this Aircraft Security Agreement Supplement No. ____ to be duly executed by their respective duly authorized officers, on the date first above written.

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity, except as expressly provided in the Aircraft Security Agreement, but solely as Security Agent

By: _____
Name:
Title:

U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity, except as expressly provided in the Aircraft Security Agreement, but solely as Trustee

By: _____
Name:
Title:

Signature Page

Aircraft Security Agreement
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DESCRIPTION OF AIRFRAME AND ENGINES

AIRFRAME

<u>Manufacturer</u>	<u>Model</u>	<u>Generic Manufacturer and Model</u>	<u>FAA Registration No.</u>	<u>Manufacturer's Serial No.</u>
Boeing		BOEING		

ENGINES

<u>Manufacturer</u>	<u>Model</u>	<u>Generic Manufacturer and Model</u>	<u>Manufacturer's Serial Nos.</u>
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Each Engine has 550 or more rated takeoff horsepower or the equivalent of such horsepower and is a jet propulsion aircraft engine having at least 1750 pounds of thrust or the equivalent of such thrust.

LIST OF PERMITTED COUNTRIES

Australia*	Japan*
Austria*	Kuwait
Bahamas	Liechtenstein*
Barbados	Luxembourg*
Belgium	Malaysia
Bermuda Islands	Mexico
Brazil	Monaco*
British Virgin Islands	the Netherlands*
Canada*	Netherlands Antilles
Cayman Islands	New Zealand*
Chile	Norway*
Czech Republic	Peoples' Republic of China
Denmark*	Poland
Ecuador	Portugal
Finland*	Republic of China (Taiwan)
France*	Singapore
Germany*	South Africa
Greece	South Korea
Hong Kong	Spain
Hungary	Sweden*
Iceland*	Switzerland*
India	Thailand
Ireland*	Trinidad and Tobago
Italy	United Kingdom*
Jamaica	

* Country of domicile for a manufacturer (or its Affiliate) referred to in [Section 7.02\(a\)\(viii\)](#).

AIRCRAFT TYPE VALUES FOR SECTION 7.06(b)

Aircraft Type	Values for Section 7.06(b)
Boeing 777-223ER	\$12,000,000
Boeing 737-823	\$6,000,000
Boeing 767-323ER	\$8,000,000

Aircraft Security Agreement
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DEFINITIONS

“**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 U.S. Bank be deemed to be an Affiliate of the Trustee or the Security Agent or vice versa.

“**After-Tax Basis**” means that indemnity and compensation payments required to be made on such basis will be supplemented by the Person paying the base amount by that amount which, when added to such base amount, and after deduction of all Federal, state, local and foreign Taxes required to be paid by or on behalf of the payee with respect to the receipt or realization of the base amount and any such supplemental amounts, and after consideration of any current tax savings of such payee resulting by way of any deduction, credit or other tax benefit actually and currently realized that is attributable to such base amount or Tax, shall net such payee the full amount of such base amount.

“**Agent**” means any Registrar, Paying Agent or co-Registrar or co-Paying Agent.

“**Agent Members**” has the meaning specified in Section 2.05(a) of the Indenture.

“**Aircraft**” means each Airframe (or any Replacement Airframe substituted for such Airframe pursuant to Section 7.05 of the Aircraft Security Agreement) together with the two related Engines described in **Annex A** to the Aircraft Security Agreement Supplement originally executed and delivered under the Aircraft Security Agreement relating to such Airframe or Replacement Airframe (or any Replacement Engine that may from time to time be substituted for any of such Engines pursuant to Section 7.04 or Section 7.05 of the Aircraft Security Agreement), whether or not any of such initial or substituted Engines may from time to time be installed on such Airframe or Replacement Airframe or any other airframe or aircraft. The term “**Aircraft**” shall include any Replacement Aircraft. The term “Aircraft” shall not include any Aircraft after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

“**Aircraft Closing**” has the meaning specified in Section 1.03(b) of the Indenture.

“Aircraft Closing Date” has the meaning specified in Section 1.03(b) of the Indenture.

“Aircraft Collateral” has the meaning specified in the granting clause of the Aircraft Security Agreement.

“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 (and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Aircraft Protocol with respect to that country, the Aircraft Protocol as in effect in such country, unless otherwise indicated).

“Aircraft Purchase Agreement” means:

(a) with respect to any Boeing 737-823 Aircraft, Purchase Agreement No. 1977, dated October 31, 1997, which incorporates by reference the Aircraft General Terms Agreement (AGTA-AAL), dated as of October 31, 1997, between the Manufacturer and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(b) with respect to any Boeing 767-323ER Aircraft, Purchase Agreement No. 1979, dated October 31, 1997, which incorporates by reference the Aircraft General Terms Agreement (AGTA-AAL), dated as of October 31, 1997, between the Manufacturer and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms; and

(c) with respect to any Boeing 777-223ER Aircraft, Purchase Agreement No. 1980, dated October 31, 1997, which incorporates by reference the Aircraft General Terms Agreement (AGTA-AAL), dated as of October 31, 1997, between the Manufacturer and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

“Aircraft Securities Account” has the meaning specified in Section 3.05 of the Aircraft Security Agreement.

“Aircraft Securities Intermediary” has the meaning specified in Section 3.05 of the Aircraft Security Agreement.

“Aircraft Security Agreement” means, subject to Section 1.03(c) of the Indenture, an Aircraft Security Agreement, dated as of the initial Aircraft Closing Date, among the Company, U.S. Bank, not in its individual capacity, except as expressly stated therein,

but solely as Security Agent, and U.S. Bank, not in its individual capacity, except as expressly stated therein, but solely as Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, including supplementation by an Aircraft Security Agreement Supplement pursuant to the Aircraft Security Agreement.

“Aircraft Security Agreement Supplement” means a supplement to the Aircraft Security Agreement executed and delivered thereunder, substantially in the form of **Exhibit A** to the Aircraft Security Agreement, which shall particularly describe any Aircraft, and any Replacement Airframe and/or Replacement Engine included in the property subject to the Lien of the Aircraft Security Agreement.

“Aircraft Security Event of Default” has the meaning specified in Section 4.01 of the Aircraft Security Agreement.

“Airframe” means (a) each airframe further described in **Annex A** to an Aircraft Security Agreement Supplement originally executed and delivered in respect of such airframe under the Aircraft Security Agreement (except (i) the related Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (ii) items installed or incorporated in or attached to such aircraft from time to time that are excluded from the definition of Parts by clauses (b), (c) and (d) thereof) and (b) any and all related Parts. The term “Airframe” shall include any Replacement Airframe that may from time to time be substituted for any Airframe pursuant to Section 7.05 of the Aircraft Security Agreement. At such time as a Replacement Airframe shall be so substituted and the Airframe for which such substitution is made shall be released from the Lien of the Aircraft Security Agreement, such replaced Airframe shall cease to be an Airframe under the Aircraft Security Agreement. The term “Airframe” shall not include any Airframe after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

“Allocable Portion” means, with respect to any Aircraft or Eligible Aircraft and as of any date, (a) if such date is an Allocation Date, the amount set forth in **Schedule III** to the Indenture with respect to such Aircraft or Eligible Aircraft opposite such Allocation Date, or (b) if such date is not an Allocation Date, the amount set forth in **Schedule III** to the Indenture with respect to such Aircraft or Eligible Aircraft opposite the Allocation Date that immediately precedes such date.

“Allocable Portion of Scheduled Principal Payment” means, with respect to any Aircraft or Eligible Aircraft and as of any Payment Date, the amount set forth in **Schedule III** of the Indenture with respect to such Aircraft or Eligible Aircraft opposite the Allocation Date that corresponds to such Payment Date.

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“Allocation Date” means the Issuance Date and each Payment Date specified in **Schedule III** to the Indenture.

“American Entity” means the Parent, the Company and any Affiliate of the Parent.

“Appraisers” means Aircraft Information Services, Inc., BK Associates, Inc. and Morten Beyer & Agnew, Inc. or, so long as a Majority in Interest of Noteholders acts reasonably, any other nationally recognized appraiser selected by a Majority in Interest of Noteholders.

“Appraisal” has the meaning set forth in Section 4.02(e) of the Indenture.

“Bankruptcy Code” means the United States Bankruptcy Code, 11 United States Code §§101 *et seq.*, as amended, or any successor statutes thereto.

“Bills of Sale” means, with respect to any Aircraft, the applicable FAA Bill of Sale and the applicable Warranty Bill of Sale.

“Business Day” means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in New York, New York, Fort Worth, Texas, Boston, Massachusetts or, if different from the foregoing, the city and state in which the Trustee or the Security Agent maintains its Corporate Trust Office or receives and disburses funds.

“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 (and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Cape Town Convention with respect to that country, the Cape Town Convention as in effect in such country, unless otherwise indicated).

“Cape Town Treaty” means, collectively, the official English language text of (a) the Convention on International Interests in Mobile Equipment, and (b) the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, in each case adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Cape Town Treaty with respect to that country, the Cape Town Treaty as in effect in such country, unless otherwise indicated, and (c) all rules and regulations adopted pursuant thereto and, in the

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case of each of the foregoing described in clauses (a) through (c), all amendments, supplements, and revisions thereto.

“Cash Securities Account” has the meaning specified in Section 3.07 of the Indenture.

“Cash Securities Intermediary” has the meaning specified in Section 3.07 of the Indenture.

“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 of the United States Code for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of Section 1110.

“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 United States enacted in substitution or replacement therefor.

“Claim” has the meaning specified in Section 8.02(a) of the Indenture.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

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

“Collateral” means, as of any date of determination, any Pre-funded Collateral or any Aircraft Collateral, in each case, as the same may be held, as of such date, by the Trustee or the Security Agent, as applicable, under the Indenture or the Aircraft Security Agreement, as applicable.

“Company” means American Airlines, Inc., and its successors and permitted assigns.

“Compulsory Acquisition” means requisition of title or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention for any reason of an Aircraft or the related Airframe or any related Engine by any government that results in the loss of title or use of such Aircraft, such Airframe or any such Engine by the Company (or any Permitted Lessee) for a period in excess of 180 consecutive days, but shall exclude requisition for use not involving requisition of title.

“Confidential Information” has the meaning specified in Section 13.18 of the Indenture.

“Corporate Trust Office” means, with respect to any of the Trustee, the Security Agent or any Agent, the office of such Person in the city at which, at any particular time, its corporate trust business shall be principally administered.

“CRAF Program” means the Civil Reserve Air Fleet Program authorized under 10 U.S.C. Section 9511 *et seq.* or any similar or substitute program under the laws of the United States.

“Cut-Off Date” means November 15, 2009.

“Cut-Off Redemption Date” has the meaning specified in Section 2.19(a) of the Indenture.

“Debt Rate” means the rate per annum specified for the Notes in **Schedule I** to the Indenture; provided that:

(a) if (i) neither the Exchange Offer is consummated nor the Shelf Registration Statement is declared effective on or prior to December 31, 2009, or (ii) the Notes have not been rated by each of Moody’s and S&P on or prior to December 31, 2009, such rate per annum will be increased by 1.00% per annum effective as of January 1, 2010;

(b) if the Shelf Registration Statement ceases to be effective for more than 60 days, whether or not consecutive, during the period that it is required to be effective pursuant to Section 2(b) of the Registration Rights Agreement, such interest rate per annum shall be increased by 1.00% from the 61st day until such time as the Shelf Registration Statement again becomes effective; provided that, for the purpose of this clause (b), the Shelf Registration Statement shall be deemed to have ceased to be effective during any period in which the offering of Registrable Notes (as such term is defined in the Registration Rights Agreement) pursuant to the Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court; and

(c) the maximum possible increase in such rate per annum pursuant to this proviso, at any time, shall be 1.00%.

“Default” means any event which is, or after notice or passage of time, or both, would be, an Event of Default.

“Definitive Notes” has the meaning specified in Section 2.01(g) of the Indenture.

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“Definitive Exchange Note” has the meaning specified in Section 2.01(g) of the Indenture.

“Definitive Initial Note” has the meaning specified in Section 2.01(g) of the Indenture.

“Department of Transportation” means the United States Department of Transportation and any agency or instrumentality of the United States government succeeding to its functions.

“Direction” has the meaning specified in Section 13.12(a) of the Indenture.

“Dollars” and “\$” mean the lawful currency of the United States.

“DTC” means The Depository Trust Company, its nominees and their respective successors.

“EASA” means the European Aviation Safety Agency of the European Union and any successor agency.

“Eligible Aircraft” means each airframe identified on **Schedule V** to the Indenture together with two engines of the make and model specified therein opposite such airframe.

“Eligible Account” means a segregated account established by and with an Eligible Institution at the request of the Trustee or the Security Agent, as applicable, which institution agrees, for all purposes of the NY UCC including Article 8 thereof, that (a) such account shall be a “securities account” (as defined in Section 8-501(a) of the NY UCC), (b) such institution is a “securities intermediary” (as defined in Section 8-102(a)(14) of the NY UCC), (c) all property (other than cash) credited to such account shall be treated as a “financial asset” (as defined in Section 8-102(a)(9) of the NY UCC), (d) the Trustee or the Security Agent, as applicable, shall be the “entitlement holder” (as defined in Section 8-102(a)(7) of the NY UCC) in respect of such account, (e) it will comply with all entitlement orders issued by the Trustee or the Security Agent, as applicable, in each case, to the exclusion of the Company, (f) it will waive or subordinate in favor of the Trustee or the Security Agent, as applicable, all claims (including, without limitation, claims by way of security interest, lien or right of set-off or right of recoupment), and (g) the “securities intermediary jurisdiction” (under Section 8-110(e) of the NY UCC) shall be the State of New York.

“Eligible Institution” means the corporate trust department of U.S. Bank or any other Person that becomes a successor Trustee under the Indenture or a successor Security Agent under the Aircraft Security Agreement, in each case, acting solely in its

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capacity as a “securities intermediary” (as defined in Section 8-102(a)(14) of the NY UCC).

“Engine” means, with respect to any Aircraft, (a) each of the two engines listed by manufacturer’s serial number and further described in **Annex A** to the applicable Aircraft Security Agreement Supplement originally executed and delivered under the Aircraft Security Agreement, whether or not from time to time installed on the related Airframe or installed on any other airframe or on any other aircraft, and (b) any Replacement Engine that may from time to time be substituted for an Engine pursuant to Section 7.04 or 7.05 of the Aircraft Security Agreement; together in each case with any and all related Parts, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts. At such time as a Replacement Engine shall be so substituted and the Engine for which substitution is made shall be released from the Lien of the Aircraft Security Agreement, such replaced Engine shall cease to be an Engine under the Aircraft Security Agreement. The term “Engine” shall not include any Engine after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA as in effect at the date of the Participation Agreement and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

“Event of Default” has the meaning specified in Section 4.01 of the Indenture.

“Event of Loss” means, as of any date of determination, (A) with respect to any Eligible Aircraft not then subject to the Lien of the Aircraft Security Agreement, an “Event of Loss” as defined in the applicable Existing Indenture (whether or not such Existing Indenture is in full force and effect) and (B) with respect to any Aircraft, Airframe or Engine, any of the following events with respect to such property:

- (a) the loss of such property or of the use thereof due to destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;
- (b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, a compromised total loss or a constructive total loss;
- (c) the theft, hijacking or disappearance of such property for a period in excess of 180 consecutive days;

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(d) the requisition for use of such property by any government (other than a requisition for use by a Government or the government of the country of registry of the Aircraft) that shall have resulted in the loss of possession of such property by the Company (or any Permitted Lessee) for a period in excess of 12 consecutive months;

(e) the operation or location of such Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect with respect to such Aircraft required by the terms of Section 7.06 of the Aircraft Security Agreement, unless the Company shall have obtained indemnity or insurance in lieu thereof from such government;

(f) any Compulsory Acquisition;

(g) as a result of any law, rule, regulation, order or other action by the FAA or other government of the country of registry, the use of such Aircraft or Airframe in the normal business of air transportation shall have been prohibited by virtue of a condition affecting all aircraft of the same type for a period of 18 consecutive months, unless the Company shall be diligently carrying forward all steps that are necessary or desirable to permit the normal use of such Aircraft or Airframe or, in any event, if such use shall have been prohibited for a period of three consecutive years; and

(h) with respect to any such Engine only, any divestiture of title to or interest in such Engine or any event with respect to such Engine that is deemed to be an Event of Loss with respect to such Engine pursuant to Section 7.02(a)(vii) or Section 7.05(e) of the Aircraft Security Agreement.

An Event of Loss with respect to an Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the related Airframe unless the Company elects to substitute a Replacement Airframe pursuant to Section 7.05(a)(i) of the Aircraft Security Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

“Exchange Note” means and includes any notes issued under the Indenture in exchange for, or replacement of, the Initial Notes pursuant to the Registration Rights Agreement in the form specified in Section 2.01 thereof (as such form may be varied pursuant to the terms of the Indenture) and any Exchange Note issued in exchange therefor or replacement thereof pursuant to and in accordance with the provisions, terms and conditions of the Indenture and such Exchange Note.

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“Exchange Offer” means the exchange offer that may be made pursuant to the Registration Rights Agreement to exchange the Initial Notes for the Exchange Notes.

“Exchange Offer Registration Statement” means the registration statement that, pursuant to the Registration Rights Agreement, is filed by the Company with the SEC with respect to the exchange of the Initial Notes for the Exchange Notes.

“Existing Indenture” means, with respect to any Eligible Aircraft, the indenture and security agreement listed on **Schedule V** to the Indenture opposite such Eligible Aircraft.

“FAA” means the United States Federal Aviation Administration and any agency or instrumentality of the United States government succeeding to its functions.

“FAA Bill of Sale” means, with respect to any Aircraft, whichever is applicable: (a) the bill of sale for such Aircraft on AC Form 8050-2, executed by the Manufacturer in favor of the Company and recorded with the FAA or (b) collectively, (i) the bill of sale for such Aircraft on AC Form 8050-2, executed by the Manufacturer in favor of Boeing Sales Corporation and recorded with the FAA and (ii) the bill of sale for such Aircraft on AC Form 8050-2, executed by Boeing Sales Corporation in favor of the Company and recorded with the FAA.

“Federal Funds Rate” means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by U.S. Bank from three Federal funds brokers of recognized standing selected by it.

“Global Exchange Note” has the meaning specified in Section 2.01(f) of the Indenture.

“Global Initial Note” has the meaning specified in Section 2.01(d) of the Indenture.

“Global Notes” has the meaning specified in Section 2.01(f) of the Indenture.

“Government” means the government of any of Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States and any instrumentality or agency thereof.

“IAI Definitive Note” has the meaning specified in Section 2.01(e) of the Indenture.

“Indemnitee” has the meaning specified in Section 8.02(b) of the Indenture.

“Indenture” means that certain Indenture and Security Agreement, dated as of July 31, 2009, between the Company and U.S. Bank, not in its individual capacity, except as expressly stated therein, but solely as Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Independent” when used with respect to an engineer, appraiser or other expert, means an engineer, appraiser or other expert who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company or any Affiliate of the Company, and (iii) is not connected with the Company or any Affiliate of the Company as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

“Initial Note” means and includes any notes other than the Exchange Notes issued under the Indenture in the form specified in Section 2.01 thereof (as such form may be varied pursuant to the terms of the Indenture) and any Initial Note issued in exchange therefor or replacement thereof pursuant to and in accordance with the provisions, terms and conditions of the Indenture and such Initial Note, but excluding any Exchange Note.

“Initial Purchaser” means each initial purchaser identified as such in the Purchase Agreement.

“Institutional Accredited Investor” means, subject to Section 2.01(h) of the Indenture, an institutional investor that is an “accredited investor” within the meaning set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

“Interests” has the meaning specified in Section 7.06(a) of the Aircraft Security 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.

“Issuance Date” means July 31, 2009.

“JAA” means the Joint Aviation Authorities and any successor authority.

“Lease” means any lease permitted by the terms of Section 7.02(a) of the Aircraft Security Agreement.

“Lien” means any mortgage, pledge, lien, encumbrance, lease, sublease, sub-sublease or security interest.

“Loan Amount” has the meaning specified in Section 7.06(b) of the Aircraft Security Agreement.

“Long-Term Rating” means, for any entity (i) in the case of Moody’s, the long-term senior unsecured debt rating of such entity and (ii) in the case of S&P, the long-term issuer credit rating of such entity.

“Loss Payment Date” has the meaning specified in Section 7.05(a) of the Aircraft Security Agreement.

“Majority in Interest of Noteholders” means, as of a particular date of determination, the holders of at least a majority in aggregate unpaid principal amount of all Notes Outstanding as of such date.

“Make-Whole Amount” means, with respect to the Notes or any Allocable Portion of the Notes, the amount (as determined by an independent investment banker selected by the Company (and, following the occurrence and during the continuance of an Event of Default, reasonably acceptable to the Trustee)), if any, by which (i) the present value of the Remaining Scheduled Payments with respect to the Notes or such Allocable Portion computed by discounting each such Remaining Scheduled Payment on a semiannual basis from its respective Payment Date (assuming a 360-day year of twelve 30 day months) using a discount rate equal to the Treasury Yield plus the Make-Whole Spread exceeds (ii) the outstanding aggregate principal amount of the Notes or such Allocable Portion plus accrued but unpaid interest thereon to the date of redemption. For purposes of determining the Make-Whole Amount, “Remaining Scheduled Payments” means, with respect to the Notes, the remaining scheduled payments of principal and interest on the Notes from the Payment Date next following the redemption date to, and including, the Maturity Date, and, with respect to any Allocable Portion of the Notes, the remaining Allocable Portions of Scheduled Principal Payment for the relevant Eligible Aircraft for each Allocation Date from the Allocation Date next following the redemption date to, and including, the Maturity Date and the scheduled payments of interest thereon, “Treasury Yield” means, at the date of determination, the interest rate (expressed as a semiannual equivalent and as a decimal rounded to the number of decimal places as appears in the Debt Rate of the Notes and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the

Average Life Date and trading in the public securities market either as determined by interpolation between the most recent weekly average constant maturity, non-inflation-indexed series yield to maturity for two series of United States Treasury securities, trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date and (B) the other maturing as close as possible to, but later than, the Average Life Date, in each case as reported in the most recent H.15(519) or, if a weekly average constant maturity, non-inflation-indexed series yield to maturity for United States Treasury securities maturing on the Average Life Date is reported in the most recent H.15(519), such weekly average yield to maturity as reported in such H.15(519). “H.15(519)” means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable redemption date and the “most recent H.15(519)” means the latest H.15(519) published prior to the close of business on the third Business Day prior to the applicable redemption date. “Average Life Date” means, for the Notes or each Allocable Portion of the Notes to be redeemed, the date which follows the redemption date by a period equal to the Remaining Weighted Average Life at the redemption date of the Notes or such Allocable Portion. “Remaining Weighted Average Life” of the Notes or an Allocable Portion of the Notes, at the redemption date of the Notes or such Allocable Portion, means the number of days equal to the quotient obtained by dividing: (i) the sum of the products obtained by multiplying (A)(x) in the case of the Notes, the amount of each then remaining installment of principal, including the payment due on the Maturity Date or (y) in the case of any Allocable Portion of the Notes, the amount of each then remaining Allocable Portion of Scheduled Principal Payment for the relevant Eligible Aircraft for each Allocation Date from the Allocation Date next following such redemption date to, and including, the Maturity Date, by (B) the number of days from and including the redemption date to but excluding (x) in the case of the Notes, the scheduled Payment Date of such principal installment or (y) in the case of any Allocable Portion of the Notes, the Allocation Date corresponding to such Allocable Portion of Scheduled Principal Payment by (ii) the then unpaid principal amount of the Notes or such Allocable Portion. “Make-Whole Amount”, with respect to any Note or portion thereof called for redemption, shall mean the Make-Whole Amount calculated in accordance with the foregoing provisions of this definition multiplied by a fraction the numerator of which shall be the outstanding principal amount of such Note or such portion and the denominator of which shall be the aggregate outstanding principal amount of all Notes.

“Make-Whole Spread” means the percentage specified as such in **Schedule I** to the Indenture.

“Manufacturer” means The Boeing Company, a Delaware corporation, and its successors and assigns.

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“Manufacturer’s Consent” means a Manufacturer’s Consent and Agreement to Assignment of Warranties, dated as of each Aircraft Closing Date, substantially in the form of **Exhibit H** to the Indenture.

“Maturity Date” means the date specified as such in **Schedule I** to the Indenture.

“Moody’s” means Moody’s Investors Service, Inc.

“Non-U.S. Person” means any Person other than a “U.S. person,” as defined in Regulation S.

“Noteholder” means any Person in whose name a Note is registered on the Register.

“Notes” means the Initial Notes and the Exchange Notes.

“NY UCC” means UCC as in effect in the State of New York.

“Officer” means the Chairman of the Board, the President, any Vice President of any grade, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary, the Controller or the Managing Director — Corporate Finance and Banking of the Company.

“Officer’s Certificate” means a certificate signed by an Officer (which certificate shall comply with the requirements of Section 11.03 and Section 11.04 of the Indenture if the Indenture is qualified under the TIA at the time such certificate is to be delivered).

“Operative Documents” means, collectively, (a) the Indenture, (b) the Notes, (c) from and after the respective date each of the same is entered into in accordance with Section 1.03(c) of the Indenture, the Aircraft Security Agreement and each Aircraft Security Agreement Supplement, if any, and (d) from and after the applicable Aircraft Closing Date, the Manufacturer’s Consent, if any, with respect to each Aircraft.

“Opinion of Counsel” means a written opinion from the General Counsel of the Company, legal counsel to the Company or another legal counsel who is reasonably acceptable to the Trustee (which Opinion of Counsel shall comply with Section 11.03 and Section 11.04 of the Indenture if the Indenture is qualified under the TIA at the time such Opinion of Counsel is to be delivered). The counsel may be an employee of the Company. The acceptance by the Trustee (without written objection to the Company during the 15 Business Days following receipt) of, or its action on, an opinion of counsel not specifically referred to above shall be sufficient evidence that such counsel is acceptable to the Trustee.

“Outstanding” or “outstanding”, when used with respect to Notes or a Note, means all Notes theretofore authenticated and delivered under the Indenture, except: (a) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancellation; (b) Notes, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Noteholders of such Notes, provided that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made; (c) Notes for which payment has been deposited with the Trustee or any Paying Agent in trust pursuant to Section 13.01 of the Indenture (except to the extent provided therein); and (d) Notes which have been paid in full, or for which other Notes shall have been authenticated and delivered in lieu thereof or in substitution therefor pursuant to the terms of Section 2.12 of the Indenture. A Note does not cease to be Outstanding because the Company or one of its Affiliates holds the Note; provided, however, that in determining whether the Noteholders of the requisite aggregate principal amount of Notes Outstanding have given or concurred in any request, demand, authorization, direction, notice, consent or waiver under the Indenture or any other Operative Document, Section 2.13 of the Indenture shall be applicable.

“Parent” means AMR Corporation, a Delaware corporation, or any other Person that directly or indirectly controls the Company, in each case together with its successors and assigns. For the purposes of this definition, “control” means the power, directly or indirectly, to direct or cause the direction of the management and policies of the Company, whether through the ownership of voting securities or by contract or otherwise.

“Parts” means, with respect to any Aircraft or the related Airframe or any related Engine, as applicable, any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (a) complete such Engines or engines, (b) any items leased by the Company or any Permitted Lessee, (c) cargo containers and (d) components or systems installed on or affixed to such Airframe that are used to provide individual telecommunications or electronic entertainment to passengers aboard such Aircraft) so long as the same shall be incorporated or installed in or attached to such Airframe or such Engine or so long as the same shall be subject to the Lien of the Aircraft Security Agreement in accordance with the terms of Section 7.04 thereof after removal from such Airframe or such Engine.

“Past Due Rate” means the lesser of (a) the Debt Rate plus 1% (computed on the basis of a year of 360 days comprised of twelve 30-day months) and (b) the maximum rate permitted by applicable law.

“Paying Agent” has the meaning specified in Section 2.08 of the Indenture.

“Payment” means (i) any payment of principal of, interest on, Make-Whole Amount (if any) with respect to, or redemption price in respect of, any Note from the Company, or (ii) any payment received or amount realized by the Trustee or the Security Agent from the exercise of remedies after the occurrence of an Event of Default.

“Payment Date” means, for any Note, each February 1 and August 1 commencing with February 1, 2010.

“Payment Default” means the occurrence of an event that would give rise to an Event of Default under Section 4.01(a) of the Indenture upon the giving of notice or the passing of time or both.

“Permanent Regulation S Global Note” has the meaning specified in Section 2.01(d) of the Indenture.

“Permitted Investments” means each of (a) direct obligations of the United States and agencies thereof; (b) obligations fully guaranteed by the United States; (c) 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 United States or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000 and having a Long-Term Rating of A, its equivalent or better by Moody’s or S&P (or, if neither such organization then rates such institutions, by any nationally recognized rating organization in the United States); (d) commercial paper of any holding company of a bank, trust company or national banking association described in clause (c); (e) commercial paper of companies having a Short-Term Rating assigned to such commercial paper by either Moody’s or S&P (or, if neither such organization then rates such commercial paper, by any nationally recognized rating organization in the United States) equal to either of the two highest ratings assigned by such organization; (f) Dollar-denominated certificates of deposit issued by, or time deposits with, the European subsidiaries of (i) any bank, trust company or national banking association described in clause (c), or (ii) any other bank or financial institution described in clause (g), (h) or (j) below; (g) United States-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 and having a Long-Term Rating of A, its equivalent or better by Moody’s or S&P (or, if neither such organization then rates such institutions, by any nationally recognized rating organization in the United States); (h) 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 Long-Term Rating of A, its equivalent or better by Moody’s or S&P (or, if neither such organization then rates such institutions, by any nationally recognized rating organization in the United States); (i)

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Canadian Treasury Bills fully hedged to Dollars; (j) 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 (a) through (i) above; (k) bonds, notes or other obligations of any state of the United States, or any political subdivision of any state, or any agencies or other instrumentalities of any such state, including, but not limited to, industrial development bonds, pollution control revenue bonds, public power bonds, housing bonds, other revenue bonds or any general obligation bonds, that, at the time of their purchase, such obligations have a Long-Term Rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization then rates such obligations, by any nationally recognized rating organization in the United States); (l) bonds or other debt instruments of any company, if such bonds or other debt instruments, at the time of their purchase, have a Long-Term Rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization then rates such obligations, by any nationally recognized rating organization in the United States); (m) mortgage backed securities (i) guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association or having a Long-Term Rating of AAA, its equivalent or better issued by Moody's or S&P (or, if neither such organization then rates such obligations, by any nationally recognized rating organization in the United States) or, if unrated, deemed to be of a comparable quality by the Trustee and (ii) having an average life not to exceed one year as determined by standard industry pricing practices presently in effect; (n) asset-backed securities having a Long-Term Rating of A, its equivalent or better issued by Moody's or S&P (or, if neither such organization then rates such obligations, by any nationally recognized rating organization in the United States) or, if unrated, deemed to be of a comparable quality by the Trustee; and (o) such other investments approved in writing by the Trustee; provided that the instruments described in the foregoing clauses shall have a maturity no later than the earliest date when such investments may be required for distribution. The bank acting as the Trustee or the Security Agent is hereby authorized, in making or disposing of any investment described herein, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or as a sub-agent of the Security Agent or acting for any third person or dealing as principal for its own account.

“Permitted Lessee” means any Person to whom the Company is permitted to lease any Airframe or any Engine pursuant to Section 7.02(a) of the Aircraft Security Agreement.

“Permitted Lien” has the meaning specified in Section 7.01 of the Aircraft Security Agreement.

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“Person” means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof.

“Pre-funded Cash Collateral Amount” means, with respect to any Eligible Aircraft, the amount relating to such Eligible Aircraft set forth in **Schedule IV** of the Indenture.

“Pre-funded Collateral” has the meaning specified in the granting clause of the Indenture.

“Pre-funded Collateral Account” has the meaning specified in Section 1.03 of the Indenture.

“Pre-funded Collateral Securities Intermediary” has the meaning specified in Section 1.03 of the Indenture.

“Prospective International Interest” has the meaning ascribed to the defined term “prospective international interest” under the Cape Town Treaty.

“Purchase Agreement” means that certain Purchase Agreement, dated as of July 27, 2009, among the Company and the Initial Purchasers, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“Record Date” means the 15th day preceding any Payment Date, whether or not a Business Day.

“Register” has the meaning specified in Section 2.08 of the Indenture.

“Registrar” has the meaning specified in Section 2.08 of the Indenture.

“Registration Rights Agreement” means the Registration Rights Agreement, dated as of the Issuance Date, by and among the Company and the Initial Purchasers.

“Regulation S” means Regulation S under the Securities Act.

“Regulation S Definitive Note” has the meaning specified in Section 2.01(g) of the Indenture.

“Regulation S Global Note” has the meaning specified in Section 2.01(d) of the Indenture.

“Regulation S Restricted Period Legend” has the meaning specified in Section 2.02 of the Indenture.

“Related Indemnitee Group” has the meaning specified in Section 8.02(b) of the Indenture.

“Replacement Aircraft” means an Aircraft of which a Replacement Airframe is part.

“Replacement Airframe” means, with respect to any Aircraft to be replaced, an aircraft of the same make and model as such Aircraft or a comparable or improved model of the Manufacturer (except (a) Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (b) items installed or incorporated in or attached to such airframe from time to time that are excluded from the definition of Parts by clauses (b), (c) and (d) thereof), that shall have been made subject to the Lien of the Aircraft Security Agreement pursuant to Section 7.05 thereof, together with all Parts relating to such aircraft.

“Replacement Engine” means, with respect to any Engine to be replaced, an engine of the same make and model as such Engine (or an engine of the same or another manufacturer of a comparable or an improved model and suitable for installation and use on the related Airframe with the other related Engine (or any other Replacement Engine being substituted simultaneously therewith)) that shall have been made subject to the Lien of the Aircraft Security Agreement pursuant to Section 7.04 or Section 7.05 thereof, together with all Parts relating to such engine, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts.

“Request” means a written request for the action therein specified signed on behalf of the Company by any Officer and delivered to the Trustee. Each Request shall be accompanied by an Officers’ Certificate if and to the extent required by Section 11.03 of the Indenture.

“Responsible Officer” means, with respect to the Trustee, the Security Agent or U.S. Bank, any officer in the corporate trust administration department of the Trustee, the Security Agent or U.S. Bank, as applicable, or any other officer customarily performing functions similar to those performed by the Persons who at the time shall be such officers or to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with a particular subject.

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“Restricted Definitive Note” has the meaning specified in Section 2.01(e) of the Indenture.

“Restricted Global Note” has the meaning specified in Section 2.01(c) of the Indenture.

“Restricted Legend” has the meaning specified in Section 2.02 of the Indenture.

“Restricted Notes” has the meaning specified in Section 2.02 of the Indenture.

“Restricted Period” has the meaning specified in Section 2.01(d) of the Indenture.

“Rule 144A” means Rule 144A under the Securities Act.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“Section 1110” means Section 1110 of the Bankruptcy Code.

“Secured Obligations” has the meaning specified in Section 2.27 of the Indenture.

“Securities Act” means the Securities Act of 1933, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission and any government agency succeeding to its functions.

“Security Agent” has the meaning specified in the introductory paragraph of the Aircraft Security Agreement or, if as of any date of determination, the Aircraft Security Agreement have not been entered into pursuant to Section 1.03(c) of the Indenture, in the introductory paragraph of the form of the Aircraft Security Agreement attached to the Indenture as **Exhibit A**.

“Security Agent Liens” means any Lien attributable to U.S. Bank or the Security Agent with respect to any Aircraft, any interest therein or any other portion of the Collateral arising as a result of (i) claims against U.S. Bank or the Security Agent not related to its interest in any Aircraft or the administration of the Aircraft Collateral pursuant to the Aircraft Security Agreement, (ii) acts of U.S. Bank or the Security Agent not permitted by, or the failure of the Security Agent to take any action required by, the Operative Documents, (iii) claims against U.S. Bank or the Security Agent relating to Taxes or Claims that are excluded from the indemnification provided by Section 8.02 of the Indenture pursuant to said Section 8.02 or (iv) claims against U.S. Bank or the Security Agent arising out of the transfer by any such party of all or any portion of its interest in any Aircraft, the Collateral or the Operative Documents, except while an Event

of Default is continuing and prior to the time that the Security Agent has received all amounts due to it pursuant to the Indenture.

“Shelf Registration Statement” means the shelf registration statement which may be required with respect to the Notes to be filed by the Company with the SEC pursuant to the Registration Rights Agreement, other than the Exchange Offer Registration Statement.

“Short-Term Rating” means, for any entity, (i) in the case of Moody’s, the short-term senior unsecured debt rating of such entity and (ii) in the case of S&P, the short-term issuer credit rating of such entity.

“Special Record Date” has the meaning specified in Section 2.10 of the Indenture.

“Specified Person” has the meaning specified in Section 7.06(a) of the Aircraft Security Agreement.

“Tax” and “Taxes” mean all 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 and property taxes), withholdings, assessments, levies, imposts, duties or charges, of any nature whatsoever, together with any related penalties, fines, additions to tax or interest thereon imposed, withheld, 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.

“Temporary Regulation S Global Note” has the meaning specified in Section 2.01(d) of the Indenture.

“Threshold Percentage of Noteholders” means, as of a particular date of determination, the holders of at least a 25% in aggregate unpaid principal amount of all Notes Outstanding as of such date.

“TIA” means the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb) as in effect on the date of the Indenture; provided, however, that in the event the TIA is amended after such date, “TIA” means, to the extent required by any such amendment, the TIA as so amended.

“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, or any subsequent legislation that amends, supplements or supersedes such provisions.

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“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended from time to time.

“Trustee” has the meaning specified in the introductory paragraph of the Indenture.

“Trustee Liens” means any Lien attributable to U.S. Bank or the Trustee with respect to any Aircraft, any interest therein or any other portion of the Collateral arising as a result of (i) claims against U.S. Bank or the Trustee not related to its interest in any Aircraft or the administration of the Collateral pursuant to the Indenture or the Aircraft Security Agreement, as applicable, (ii) acts of U.S. Bank or the Trustee not permitted by, or the failure of U.S. Bank or the Trustee to take any action required by, the Operative Documents, (iii) claims against U.S. Bank or the Trustee relating to Taxes or Claims that are excluded from the indemnification provided by Section 8.02 of the Indenture pursuant to said Section 8.02 or (iv) claims against U.S. Bank or the Trustee arising out of the transfer by any such party of all or any portion of its interest in any Aircraft, the Collateral or the Operative Documents, except while an Event of Default is continuing and prior to the time that the Trustee has received all amounts due to it pursuant to the Indenture.

“UCC” means the Uniform Commercial Code as in effect in any applicable jurisdiction.

“United States” means the United States of America.

“U.S. Bank” means U.S. Bank Trust National Association, a national banking association, in its individual capacity, together with its successors and permitted assigns.

“Warranty Bill of Sale” means, with respect to any Aircraft, whichever is applicable: (a) the warranty (as to title) bill of sale covering such Aircraft, executed by the Manufacturer in favor of the Company and specifically referring to each related Engine, as well as the related Airframe, constituting a part of such Aircraft, or (b) collectively, (i) the warranty (as to title) bill of sale covering such Aircraft, executed by the Manufacturer in favor of Boeing Sales Corporation and specifically referring to each related Engine, as well as the related Airframe, constituting a part of such Aircraft and (ii) the warranty (as to title) bill of sale covering such Aircraft, executed by Boeing Sales Corporation in favor of the Company and specifically referring to each such Engine, as well as such Airframe, constituting a part of such Aircraft.

“Warranty Rights” means, with respect to any Aircraft, all right and interest of the Company in, to and under Parts 1, 2, 3, 4 and 6 of the Product Assurance Document (as defined in the applicable Aircraft Purchase Agreement), but only to the extent the same

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relate to continuing rights of the Company in respect of any warranty or indemnity, express or implied, pursuant to the Product Assurance Document with respect to the related Airframe, it being understood that such Warranty Rights exclude any and all other right, title and interest of the Company in, to and under such Aircraft Purchase Agreement and that such Warranty Rights are subject to the terms of the Manufacturer's Consent.

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[FORM OF NOTE]

[THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT; (2) AGREES THAT IT WILL NOT PRIOR TO EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE SECURITIES UNDER RULE 144(d) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION) OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER (EACH A "TRANSFER") THIS SECURITY EXCEPT: (I) (A) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (B) INSIDE THE UNITED STATES TO AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING \$250,000 OR MORE AGGREGATE PRINCIPAL AMOUNT OF SUCH SECURITIES THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE), (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER) OR (F) TO AMERICAN AIRLINES, INC. OR ANY SUBSIDIARY THEREOF; AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER APPLICABLE JURISDICTIONS; (3) AGREES THAT PRIOR TO ANY TRANSFER PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD REFERRED TO IN CLAUSE (2) ABOVE (OTHER THAN A TRANSFER

PURSUANT TO CLAUSE (2)(I)(E) ABOVE), IT WILL FURNISH TO THE TRUSTEE, THE REGISTRAR AND AMERICAN AIRLINES, INC. SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; AND (4) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE SECURITIES UNDER RULE 144(d) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH BELOW ON THIS SECURITY RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS SECURITY TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THE SECURITIES PURSUANT TO CLAUSE (2)(I)(E) ABOVE OR UPON ANY TRANSFER OF THE SECURITIES UNDER RULE 144(d) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION). AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING RESTRICTIONS.]¹

[EXCEPT AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN), BENEFICIAL OWNERSHIP INTERESTS IN THIS SECURITY WILL NOT BE EXCHANGEABLE FOR INTERESTS IN ANY OTHER SECURITY REPRESENTING AN INTEREST IN THE SECURITIES REPRESENTED HEREBY UNTIL THE EXPIRATION OF THE “40 DAY DISTRIBUTION COMPLIANCE PERIOD” (WITHIN THE MEANING OF RULE 903(b)(2) OF REGULATIONS UNDER THE SECURITIES ACT). DURING SUCH 40 DAY DISTRIBUTION COMPLIANCE PERIOD, BENEFICIAL OWNERSHIP INTERESTS IN THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED TO, OR FOR THE ACCOUNT OR BENEFIT OF, A “U.S. PERSON” (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) EXCEPT IN COMPLIANCE WITH RULE 144A

¹ To be included on each Initial Note.

AND REGULATION S UNDER THE SECURITIES ACT AND WITH ARTICLE II OF THE INDENTURE REFERRED TO HEREIN.]²

[UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO AMERICAN AIRLINES, INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IN EXCHANGE FOR THIS SECURITY IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 2.04, 2.05 AND 2.06 OF THE INDENTURE REFERRED TO HEREIN.]³

BY ITS ACQUISITION OR ACCEPTANCE HEREOF OR ANY INTEREST HEREIN, THE HOLDER HEREOF OR OF SUCH INTEREST REPRESENTS THAT EITHER: (A) NO ASSETS OF (I) AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), (II) A PLAN DESCRIBED IN SECTION 4975(E)(I) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR (IV) A FOREIGN, GOVERNMENTAL OR CHURCH PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, OR FOREIGN LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”), HAVE BEEN USED TO ACQUIRE THIS

² To be included on each Temporary Regulation S Global Note.

³ To be included on each Global Note.

SECURITY OR ANY INTEREST HEREIN; OR (B) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN BY THE HOLDER ARE EXEMPT FROM THE PROHIBITED TRANSACTION RESTRICTIONS OF ERISA AND THE CODE OR ANY SIMILAR PROVISION OF SIMILAR LAW, AS APPLICABLE, PURSUANT TO ONE OR MORE PROHIBITED TRANSACTION STATUTORY OR ADMINISTRATIVE EXEMPTIONS.

No. []

CUSIP No. []

ISIN No. []

\$ []

[REGULATION S]⁴ [GLOBAL]⁵

[INITIAL]⁶ [EXCHANGE]⁷ 13.0% 2009-2 SECURED NOTE DUE 2016

AMERICAN AIRLINES, INC., a Delaware corporation (the “Company”), promises to pay to [], or the registered assignee thereof, the principal sum of [] DOLLARS in installments on each February 1 and August 1 of each year, commencing February 1, 2010 (each, a “Payment Date”), as set forth in clause 2 below, with the final installment due and payable on August 1, 2016, subject to earlier payment and reductions as provided in this Note and in the Indenture referred to below. This Note shall bear interest on the unpaid principal amount from time to time outstanding from the most recent Payment Date to which interest has been paid or made available for payment (or, if no interest has been paid or made so available, from the date of issuance of this Note) at the Debt Rate (as defined in the Indenture referred to below) (calculated on the basis of a 360-day year consisting of twelve 30-day months), payable in arrears on each Payment Date until the principal amount hereof has been paid or made available for payment in full. This Note shall bear interest, payable on demand, at the Past Due Rate (as defined in the Indenture referred to below) (calculated on the basis of a 360-day year consisting of twelve 30-day months) on any principal amount and (to the extent permitted by applicable law) Make-Whole Amount (as defined in the Indenture referred to below),

⁴ To be included on each Regulation S Definitive Note and each Regulation S Global Note.

⁵ To be included on each Global Note.

⁶ To be included on each Initial Note.

⁷ To be included on each Exchange Note.

if any, interest and any other amounts payable hereunder not paid when due for any period during which the same shall be overdue, in each case for the period the same is overdue. Amounts shall be overdue under this Note if not paid in the manner provided in this Note or in the Indenture (whether at stated maturity, by acceleration or otherwise).

Notwithstanding anything to the contrary contained herein, if any date on which a payment under this Note becomes due and payable is not a Business Day (as defined in the Indenture referred to below), then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date and without additional interest.

1. **General.** This Note is one of a duly authorized issue of Notes of the Company designated as “13.0% 2009-2 Secured Notes due 2016” (herein, called the “Notes”), limited in aggregate principal amount to \$276,400,000, issued, authenticated and delivered pursuant to the Indenture and Security Agreement, dated as of July 31, 2009 (the “Indenture”), between the Company and U.S. Bank Trust National Association, not in its individual capacity, except as expressly stated therein, but solely as Trustee (the “Trustee”). To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Indenture. This Note is subject to the terms, provisions and conditions of the Indenture. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. Reference is hereby made to the Indenture, the Aircraft Security Agreement and the other Operative Documents for a complete statement of the rights and obligations of the holders of, and the nature and extent of the security for, this Note. By virtue of its acceptance hereof, the holder of this Note assents to and agrees to be bound by all the terms of this Note, the Indenture and the other Operative Documents.

2. **Principal Installments.** On each Payment Date, the Noteholder hereof will receive a payment of principal equal to the percentage for such payment specified in Schedule I hereto for such Payment Date multiplied by the original principal amount of this Note which is set forth in the first paragraph of this Note, subject to reduction as provided in clause 6 hereof and in Section 2.07(b) of the Indenture.

3. **Record Dates.** Except as otherwise provided in Section 4.08 of the Indenture, the Person in whose name this Note is registered at the close of business on any Record Date with respect to any Payment Date shall be entitled to receive the interest and installment of principal payable on such Payment Date to the extent provided in this Note, except if and to the extent the Company shall default in the payment of any interest or installment of principal due on such Payment Date and such defaulted interest or installment of principal is not received by the Trustee on or within five days after the Payment Date relating thereto, in which case any defaulted interest or installment of principal to be paid on this Note pursuant to the Indenture shall be paid to the Person in

whose name this Note is registered at the close of business on the applicable Special Record Date.

4. Mandatory Redemption.

If on or prior to the Cut-Off Date an Event of Loss occurs with respect to an Eligible Aircraft that has not been subjected to the Lien of the Aircraft Security Agreement (or an event occurs that would constitute an Event of Loss with respect to such Eligible Aircraft but for the requirement that notices be given or time elapse or both) and, consequently, no Aircraft Closing shall have occurred with respect to such Eligible Aircraft prior to the Cut-Off Date, the Company shall redeem this Note and all the other Notes in part, on a pro rata basis, on January 5, 2010 (the "Cut-Off Redemption Date") at the redemption price specified in Section 2.19(a) of the Indenture, which redemption price will be applied in accordance with Article III of the Indenture.

If no Aircraft Closing shall have occurred with respect to an Eligible Aircraft on or prior to the Cut-Off Date for a reason other than circumstances provided in clause 3(a) above, the Company shall redeem this Note and all the other Notes in part, on a pro rata basis, on the Cut-Off Redemption Date at the redemption price specified in Section 2.19(b) of the Indenture, which redemption price will be applied in accordance with Article III of the Indenture.

The Company shall redeem this Note and all the other Notes in part, on a pro rata basis, in connection with an Event of Loss in respect of any Airframe (or any Airframe and Engines installed thereon) (unless the Company shall have performed the option to substitute a Replacement Airframe for such Airframe set forth in Section 7.05(a)(i) of the Aircraft Security Agreement with respect thereto) on or before the Loss Payment Date with respect to such Airframe that suffered such Event of Loss at the redemption price specified in Section 2.19(c) of the Indenture, which redemption price will be applied in accordance with Article III of the Indenture.

5. Voluntary Redemption. The Company may redeem this Note and all the other Notes at any time upon prior notice to the Trustee in accordance with clause 6 below, and this Note and all the other Notes shall be redeemed in whole at the redemption price specified in Section 2.20 of the Indenture, which redemption price will be applied in accordance with Article III of the Indenture.

6. Notice of Redemption. The Trustee shall mail a notice of any redemption of this Note at least 15 days but not more than 60 days prior to the applicable redemption date to the Person in whose name this Note is registered in the Register at such Person's address appearing in the Register. The notice shall identify the principal amount of this Note called for redemption and shall state, among others, the redemption date and the

redemption price determined in accordance with clause 4 or 5 above, as applicable. Once a notice of redemption is given, the principal amount of this Note called for redemption will become due and payable on the redemption date at the redemption price and, on and after such redemption date (unless such redemption price shall not have been made available on the redemption date), such principal amount shall cease to bear interest and the remaining principal installments on this Note will be reduced as provided in Section 2.07(b) of the Indenture, whether or not the redemption price for this Note has been collected. Once called for redemption, whether in whole or in part, this Note must be surrendered to the Paying Agent to collect the redemption price. Upon surrender to the Paying Agent, this Note shall be paid at the applicable redemption price.

7. Method of Payment. The Paying Agent shall distribute amounts payable to the Noteholder of this Note by check mailed to such Noteholder at its address appearing in the Register, except that, if this Note is registered on the applicable Record Date in the name of a Clearing Agency (or its nominee), such distribution shall be made by wire transfer in immediately available funds to the account designated by such Clearing Agency (or such nominee). The Company shall not have any responsibility for the distribution of such payments to any Noteholder or any other Person. Any payment made hereunder shall be made without any presentment or surrender of this Note, except that, in the case of a redemption, whether in whole or in part, or the final payment in respect of this Note or in connection with a payment upon the exercise of remedies following an Event of Default, this Note shall be surrendered to the Paying Agent for cancellation against receipt of the applicable payment.

8. Registrar and Paying Agent. The Company shall maintain an office or agency where Notes eligible for transfer or exchange may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Company may have one or more Paying Agents or Registrars. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such. The Company initially appoints U.S. Bank as Registrar and Paying Agent.

9. Denominations, Transfer and Exchange. The Notes shall be issued only in fully registered form without coupons and [only in denominations of \$250,000 or integral multiples of \$1,000 in excess thereof, except that, if necessary to enable the issuance of Notes delivered to a Noteholder upon registration of transfer of, or in exchange for, or in lieu of, its entire holding of Notes pursuant to Section 2.01(d), Section 2.04, Section 2.05(b), Section 2.06, Section 2.12, Section 2.14, Section 2.26, Section 4.08 or Section 12.05 of the Indenture, one Note may be issued in a denomination of less than \$250,000]⁸

⁸ To be included on each Initial Note.

[only in minimum denominations of \$2,000 (or such other denomination that is the lowest integral multiple of \$1,000 that is, at the time of original issuance of the Notes, equal to at least 1,000 euros), except that, if necessary to enable the issuance of Notes delivered to a Noteholder upon registration of transfer of, or in exchange for, or in lieu of, its entire holding of Notes pursuant to Section 2.04, Section 2.05(b), Section 2.12, Section 2.14, Section 2.26, Section 4.08 or Section 12.05 of the Indenture, one Note may be issued in a denomination of less than \$2,000]⁹. Each Note shall be dated the date of its authentication. The transfer of Notes may be registered and the Notes may be exchanged as provided in the Indenture and this Note. No such transfer shall be effected until, and such transferee shall succeed to the rights of a Noteholder only upon, final acceptance and registration of the transfer by the Registrar in the Register. No service charge shall be made to a Noteholder for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes.

10. Persons Deemed Owners. Prior to the registration of any transfer of a Note by a Noteholder as provided herein, the Company, the Registrar, the Paying Agent, each other Agent (if any) and the Trustee shall deem and treat the Person in whose name such Note is registered on the Register as the absolute owner and holder thereof for the purpose of receiving payment of all amounts payable with respect to such Note and for all other purposes, and none of the Company, the Registrar, the Paying Agent, each other Agent (if any) or the Trustee shall be affected by any notice to the contrary.

11. Amendments and Waivers. The Company and the Trustee or the Security Agent, as the case may be, may amend or supplement the Indenture, the Notes or any of the other Operative Documents, in each case as provided in Article XII of the Indenture. Any consent by the Noteholder of this Note shall be conclusive and binding on such Noteholder and upon all future Noteholders of this Note and of any Note issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon such Note. Without the consent of any Noteholder, the Indenture, the Notes or any of the Operative Documents may be amended or supplemented as provided in Section 12.01 of the Indenture.

12. Events of Default and Remedies. Subject to certain terms, conditions and limitations in the Indenture and in the Aircraft Security Agreement, if an Event of Default occurs and is continuing, all the Notes may be declared or otherwise become due and payable in the manner and in the amount specified in Section 4.02(a)(i) of the Indenture,

⁹ To be included on each Exchange Note.

and the Trustee may, and upon the written instructions of a Majority in Interest of Noteholders, the Trustee shall, to the extent permitted by, and subject to compliance with the requirements of, applicable law then in effect, following the acceleration or deemed acceleration of the maturity of the Notes as described in the Indenture, (A) after the Aircraft Security Agreement shall have been entered into, instruct the Security Agent to exercise remedies with respect to the Aircraft Collateral pursuant to the Aircraft Security Agreement in accordance with the terms thereof and of applicable law and (B) exercise any other remedy of a secured party under the Uniform Commercial Code of the State of New York with respect to the Collateral (whether or not in effect in the jurisdiction in which enforcement is sought).

Subject to terms and conditions of the Indenture and the Aircraft Security Agreement, upon written instruction from a Majority in Interest of Noteholders, the Trustee shall waive, and shall instruct the Security Agent to waive, if applicable, any past default under the Indenture or under any other Operative Document and its consequences, and upon any such waiver such default shall cease to exist and any Event of Default or Aircraft Security Event of Default arising therefrom shall be deemed to have been cured for every purpose of the Indenture and the other Operative Documents, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon; provided that the Trustee shall not waive, or instruct the Security Agent to waive, certain defaults in the absence of written instructions from each of the affected Noteholders. The Noteholders may not enforce the Notes, the Indenture or the Aircraft Security Agreement except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Notes or causes the Security Agent to enforce the Aircraft Security Agreement.

The above description of Events of Default and remedies is qualified by reference, and subject in its entirety, to the more complete description thereof contained in the Indenture and the Aircraft Security Agreement.

13. No Recourse Against Others. No past, present or future director, officer, employee, agent, representative, member, manager, trustee, stockholder or other equity holder, as such, of the Company or any successor Person or any Affiliate of the Company shall have any liability for any obligations of the Company or any successor Person or any Affiliate of any thereof, either directly or through the Company or any successor Person or any Affiliate of any thereof, under this Note, the Indenture or the other Operative Documents or for any claim based on, in respect of or by reason of such obligations or their creation, whether by virtue of any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise. By accepting this Note, the holder hereof is deemed to have waived and released all such liability. Such waiver and release is part of the consideration for the issue of this Note.

14. Authentication. This Note shall not be secured by or entitled to any benefit under the Indenture or otherwise be valid or obligatory for any purpose, until the certificate of authentication attached hereto has been executed by the manual signature of an authorized signatory of the Trustee or an authenticating agent appointed by the Trustee.

15. Unclaimed Money. Any money deposited with the Trustee or any Paying Agent in trust for the payment of principal of, interest on, Make-Whole Amount (if any) with respect to, or any redemption price in respect of, this Note, and unclaimed for two years after such principal, interest, Make-Whole Amount, or redemption price has become due and payable shall be paid to the Company on its request, subject to applicable escheat or abandoned or unclaimed property law, and the holder of this Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof and all liability of the Trustee or such Paying Agent with regard to such Payments shall thereupon cease.

16. Abbreviations. Customary abbreviations may be used in the name of a Noteholder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. CUSIP Numbers. The Company in issuing this Note may use a "CUSIP" number (if then generally in use) and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Noteholders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such "CUSIP" numbers.

18. [Noteholders' Compliance With Registration Rights Agreement]. Each Noteholder of this Note, by acceptance hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, including, without limitation, the obligations of the Noteholders with respect to a registration and the indemnification of the Company to the extent provided therein.¹⁰

¹⁰ To be included on each Initial Note.

19. Governing Law. **THIS NOTE HAS BEEN DELIVERED IN THE STATE OF NEW YORK. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.**

The Company will furnish to any Noteholder of this Note, upon written request and without charge, a copy of the Indenture. Request may be made to: American Airlines, Inc., 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, Attention: Corporate Secretary.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed in its corporate name by its officer thereunto duly authorized on the date hereof.

Date: _____, 20____

AMERICAN AIRLINES, INC.

By: _____

Name:

Title:

Signature Page

CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Indenture.

U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee

By: _____

Name:

Title:

Dated _____, 20__

Authentication Page

PRINCIPAL AMORTIZATION

<u>Payment Date</u>	<u>Percentage of Original Principal Amount to be Paid</u>
February 1, 2010	6.658874714%
August 1, 2010	6.461577435%
February 1, 2011	6.263774034%
August 1, 2011	6.065970651%
February 1, 2012	5.868167265%
August 1, 2012	5.670363864%
February 1, 2013	5.472560492%
August 1, 2013	5.274757080%
February 1, 2014	5.076953766%
August 1, 2014	4.879150380%
February 1, 2015	5.032997402%
August 1, 2015	4.769259537%
February 1, 2016	4.505521704%
August 1, 2016	28.000071675%

Principal amortization amounts are subject to reduction as provided in clause 6 of this Note and in Section 2.07(b) of the Indenture.

[THE FOLLOWING TRANSFER NOTICE TO BE INCLUDED
ON EACH INITIAL NOTE]

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned registered holder hereby sells, assigns and transfers unto the following assignee:

Name: _____

Taxpayer Identification No.: _____

Address (including zip code): _____

the within Note and all rights thereunder, hereby irrevocably constituting and appointing

as attorney of the undersigned to transfer said Note on the books of the Registrar with full power of substitution in the premises.

In connection with any transfer of this Note occurring prior to the expiration of the holding period applicable to sales of the Notes under Rule 144(d) under the Securities Act of 1933, as amended, or any successor provision, the undersigned confirms that without utilizing any general solicitation or general advertising that:

[Continued On the Next Page.]

[CHECK ONE]

(a) this Note is being transferred in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Rule 144A thereunder.

OR

(b) this Note is being transferred other than in accordance with (a) above and documents are being furnished that comply with the conditions of transfer set forth in this Note and the Indenture.

If neither of the foregoing boxes is checked, the Registrar shall not be obligated to register this Note in the name of any Person other than the Noteholder hereof unless and until the conditions to any such transfer of registration set forth herein and in Sections 2.04 and 2.06 of the Indenture shall have been satisfied.

Date: _____, 20__

[NAME OF TRANSFEROR]

NOTE: The signature must correspond with the name as written upon the face of the within-mentioned instrument in every particular without alteration or any change whatsoever.

Signature Guarantee: _____

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Date: _____, 20__

NOTE: To be executed by an executive officer.

[THE FOLLOWING TRANSFER NOTICE TO BE INCLUDED
ON EACH EXCHANGE NOTE]

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned registered holder hereby sells, assigns and transfers unto the following assignee:

Name: _____

Taxpayer Identification No.: _____

Address (including zip code): _____

_____ the within Note and all rights thereunder, hereby irrevocably constituting and appointing

_____ as attorney of the undersigned to transfer said Note on the books of the Registrar with full power of substitution in the premises.

Date: _____, 20__

[NAME OF TRANSFEROR]

NOTE: The signature must correspond with the name as written upon the face of the within-mentioned instrument in every particular without alteration or any change whatsoever.

Signature Guarantee: _____

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into July 31, 2009, between American Airlines, Inc., a Delaware corporation (the "Company"), and Morgan Stanley & Co. Incorporated ("Morgan Stanley"), in its capacity as representative (the "Representative") of the several initial purchasers set forth in the Purchase Agreement (together with the Representative, the "Initial Purchasers").

This Agreement is made pursuant to the Purchase Agreement (the "Purchase Agreement"), dated July 27, 2009, between the Company and the Initial Purchasers, which provides for the sale by the Company to the Initial Purchasers of \$276,400,000 aggregate principal amount of the Company's 13.0% 2009-2 Secured Notes due 2016 (the "Notes"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchasers and its direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Agreement" shall have the meaning set forth in the preamble.

"Closing Date" shall mean the Closing Date as defined in the Purchase Agreement.

"Company" shall have the meaning set forth in the preamble and shall also include the Company's successors.

"Exchange Dates" shall have the meaning set forth in Section 2(a)(ii) of this Agreement.

"Exchange Notes" shall mean notes issued by the Company containing terms identical to the Notes (except that (i) interest thereon shall accrue from the last date on which interest was paid on the Notes or, if no such interest was paid, July 31, 2009, (ii) the Exchange Notes will not contain restrictions on transfer and (iii) the Exchange Notes will only be available in book-entry form) and to be offered to Holders of Notes in exchange for Notes pursuant to the Exchange Offer.

“Exchange Offer” shall mean the exchange offer by the Company of Exchange Notes for Registrable Notes pursuant to Section 2(a) hereof.

“Exchange Offer Registration” shall mean a registration under the 1933 Act effected pursuant to Section 2(a) hereof.

“Exchange Offer Registration Statement” shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form) and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

“Free Writing Prospectus” shall mean each free writing prospectus (as defined in Rule 405 under the 1933 Act) prepared by or on behalf of the Company or used by the Company in connection with a Shelf Registration.

“Holder” shall mean the Initial Purchasers, for so long as they own any Registrable Notes, and each of their successors, assigns and direct and indirect transferees who become registered owners of Registrable Notes under the Indenture; provided that for purposes of Sections 4 and 5 of this Agreement, the term “Holder” shall include Participating Broker-Dealers (as defined in Section 4(a)).

“Indenture” shall mean the indenture between the Company and the Trustee, dated as of the Closing Date relating to the Notes.

“Initial Purchasers” shall have the meaning set forth in the preamble.

“Issuer Information” shall mean material information about the Company or the Notes that has been provided by or on behalf of the Company.

“Majority Holders” shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Notes; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Notes is required hereunder, Registrable Notes held by the Company or any of its affiliates (as such term is defined in Rule 405 under the 1933 Act) (other than the Initial Purchasers or subsequent Holders of Registrable Notes if such subsequent Holders are deemed to be such affiliates solely by reason of their holding of such Registrable Notes) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage or amount.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Notes” shall have the meaning set forth in the preamble.

“Person” shall mean an individual, partnership, limited liability company, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

“Prospectus” shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Notes covered by a Shelf Registration Statement, and by all other amendments and supplements to such prospectus, and in each case including all material incorporated by reference therein.

“Purchase Agreement” shall have the meaning set forth in the preamble.

“Registrable Notes” shall mean the Notes; provided, however, that the Notes shall cease to be Registrable Notes (i) when such Notes are exchanged for Exchange Notes, (ii) when a Registration Statement with respect to such Notes shall have been declared effective under the 1933 Act and such Notes shall have been disposed of pursuant to such Registration Statement, (iii) when such Notes have been sold to the public pursuant to Rule 144 (but not Rule 144A) under the 1933 Act or (iv) when such Notes shall have otherwise ceased to be outstanding.

“Registration Expenses” shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including without limitation: (i) all SEC, stock exchange or Financial Industry Regulatory Authority registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Notes or Registrable Notes), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees (it being understood that no rating agency shall be engaged by an Initial Purchaser), (v) all fees and disbursements relating to the qualification of the Indenture under applicable securities laws, (vi) the fees and disbursements of the Trustee and its counsel, (vii) the fees and disbursements of counsel for the Company and, in the case of a Shelf Registration Statement, the fees and disbursements of one counsel for the Holders (which counsel shall be selected by the Majority Holders and which counsel may also be counsel for the Initial Purchasers) and (viii) the fees and disbursements of the independent public accountants of the Company, including the expenses of any special audits or “cold comfort” letters required by or incident to such performance and compliance, but excluding fees and expenses of counsel to the underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Notes by a Holder.

“Registration Statement” shall mean any registration statement of the Company that covers any of the Exchange Notes or Registrable Notes pursuant to the provisions of this Agreement and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

“SEC” shall mean the Securities and Exchange Commission.

“Shelf Registration” shall mean a registration effected pursuant to Section 2(b) hereof.

“Shelf Registration Statement” shall mean a “shelf” registration statement of the Company pursuant to the provisions of Section 2(b) of this Agreement which covers all of the Registrable Notes on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

“Standard & Poor’s” shall mean Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“Stated Maturity Date” shall mean August 1, 2016.

“TIA” shall have the meaning set forth in Section 3(1) of this Agreement.

“Trustee” shall mean U.S. Bank Trust National Association, as trustee with respect to the Notes under the Indenture.

“Underwriter” shall have the meaning set forth in Section 3 hereof.

“Underwritten Registration” or “Underwritten Offering” shall mean a registration in which Registrable Notes are sold to an Underwriter for reoffering to the public.

2. Registration Under the 1933 Act and Ratings.

(a) To the extent not prohibited by any applicable law or applicable interpretation of the Staff of the SEC, the Company shall use its reasonable best efforts to cause to be filed an Exchange Offer Registration Statement covering the offer by the Company to the Holders who are not prohibited by any law or policy of the SEC, or applicable interpretation of the Staff of the SEC, from participating in the Exchange Offer to exchange all of the Registrable Notes for Exchange Notes, to have the Exchange Offer Registration Statement declared effective and to have such Registration Statement remain effective until the closing of the Exchange Offer. The Company shall commence the Exchange Offer promptly after the Exchange Offer Registration Statement has been declared effective by the SEC and use its reasonable best efforts to have the Exchange Offer consummated not later than December 31, 2009. The Company shall commence the Exchange Offer by mailing the related exchange offer Prospectus and accompanying documents to each Holder, through DTC or otherwise, stating in such Prospectus

or accompanying documents, in addition to such other disclosures as are required by applicable law:

- (i) that the Exchange Offer is being made pursuant to this Agreement and that all Registrable Notes validly tendered and not withdrawn will be accepted for exchange;
- (ii) the dates of acceptance for exchange (which shall be a period of at least 20 business days from the date such notice is mailed) (the “Exchange Dates”);
- (iii) that any Registrable Note not tendered will remain outstanding and continue to accrue interest, but will not retain any rights under this Registration Rights Agreement;
- (iv) that Holders electing to have a Registrable Note exchanged pursuant to the Exchange Offer will be required to surrender such Registrable Note, together with the enclosed letters of transmittal, to the institution and at the address (located in the Borough of Manhattan, The City of New York) specified in the notice prior to the close of business on the last Exchange Date; and
- (v) that Holders will be entitled to withdraw their election, not later than the close of business on the last Exchange Date, by sending to the institution and at the address (located in the Borough of Manhattan, The City of New York) specified in the notice a telegram, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Notes delivered for exchange and a statement that such Holder is withdrawing his election to have such Notes exchanged.

As soon as practicable after the last Exchange Date, the Company shall:

- (i) accept for exchange Registrable Notes or portions thereof tendered and not validly withdrawn pursuant to the Exchange Offer; and
- (ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Notes or portions thereof so accepted for exchange by the Company and issue, and cause the Trustee to promptly authenticate and mail to each Holder, an Exchange Note equal in principal amount to the principal amount of the Registrable Notes surrendered by such Holder.

The Company shall use its reasonable best efforts to complete the Exchange Offer as provided above and shall comply with the applicable requirements of the 1933 Act, the 1934 Act and other applicable laws and regulations in connection with the Exchange Offer. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer does not violate applicable law or any applicable interpretation of the Staff of the SEC. The Company shall inform the Initial Purchasers of the names and addresses known to the Company (including through DTC) of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right, subject to applicable law, to contact such Holders and otherwise facilitate the tender of Registrable Notes in the Exchange Offer.

If the Company effects the Exchange Offer, the Company shall be entitled to close the Exchange Offer twenty (20) business days after such commencement (provided that the Company has accepted all the Notes theretofore validly tendered and not withdrawn in accordance with the terms of the Exchange Offer).

Each Holder participating in the Exchange Offer shall be required to represent to the Company in writing that at the time of the consummation of the Exchange Offer (i) any Exchange Notes received by such Holder will be acquired in the ordinary course of business, (ii) such Holder will have no arrangements or understanding with any Person to participate in the distribution (within the meaning of the 1933 Act) of the Notes or the Exchange Notes, (iii) such Holder is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, (iv) if such Holder is not a broker dealer, that it is not engaged in and does not intend to engage in, the distribution of the Exchange Notes and (v) if such Holder is a broker dealer, that it will receive Exchange Notes for its own account in exchange for Notes that were acquired as a result of market making activities or other trading activities and that it will be required to acknowledge that it will deliver a prospectus in connection with the resale of such Exchange Notes.

(b) In the event that the Company determines that the Exchange Offer Registration provided for in Section 2(a) above is not available or may not be consummated as soon as practicable after the last Exchange Date because it would violate applicable law or the applicable interpretations of the Staff of the SEC, the Company shall, in lieu of effecting the registration of the Exchange Notes pursuant to the Exchange Offer Registration Statement and at no cost to the holders of the Registrable Notes, (i) as promptly as practicable, file with the SEC a shelf registration statement covering resales of the Registrable Notes (the "Shelf Registration Statement"), (ii) use its reasonable best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act by December 31, 2009 and (iii) use its reasonable best efforts to keep effective the Shelf Registration Statement for a period of one year after its effective date (or for such shorter period as shall end when all of the Registrable Notes covered by the Shelf Registration Statement have been sold pursuant thereto or may be freely sold pursuant to Rule 144 under the Securities Act). The Company further agrees to supplement or amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the 1933 Act or by any other rules and regulations thereunder for shelf registration or if reasonably requested by a Holder with respect to information relating to such Holder, and to use its best efforts to cause any such amendment to become effective and such Shelf Registration Statement to become usable as soon as thereafter practicable. The Company agrees to furnish to the Holders of Registrable Notes copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) The Company shall use its reasonable best efforts to have the Notes and the Exchange Notes rated by each of Moody's and Standard & Poor's on or prior to December 31, 2009.

(d) The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) and Section 2(b). Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Notes pursuant to the Shelf Registration Statement.

(e) An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC. As provided for in the Indenture, if (i) neither the Exchange Offer is consummated nor the Shelf Registration Statement is declared effective on or prior to December 31, 2009, or (ii) the Notes or the Exchange Notes, as the case may be, have not been rated by each of Moody's and Standard & Poor's on or prior to December 31, 2009, the interest rate on the Notes and the Exchange Notes will be increased by 1.00% per annum effective as of January 1, 2010. If the Shelf Registration Statement ceases to be effective for more than 60 days, whether or not consecutive, during the period that it is required to be effective pursuant to Section 2(b), the interest rate per annum borne by the Notes shall be increased by 1.00% from the 61st day until such time as the Shelf Registration Statement again becomes effective; provided that for the purpose of this sentence, the Shelf Registration Statement shall be deemed to have ceased to be effective during any period in which the offering of Registrable Notes pursuant to the Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court.

(f) The maximum possible increase in the interest rate per annum on the Notes and the Exchange Notes pursuant to Section 2(e) hereof, at any time, shall be 1.00%.

(g) Without limiting the remedies available to the Initial Purchasers and the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Section 2(a) and Section 2(b) hereof.

3. Registration Procedures.

In connection with the obligations of the Company with respect to the Registration Statements pursuant to Section 2(a) and Section 2(b) hereof, the Company shall as reasonably expeditiously as possible:

(a) prepare and file with the SEC a Registration Statement on the appropriate form under the 1933 Act, which form (x) shall be selected by the Company, (y) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Notes by the selling Holders thereof and (z) shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and use its reasonable best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period under this Agreement and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the 1933 Act; to keep each

Prospectus current during the period described under Section 4(3) and Rule 174 under the 1933 Act that is applicable to transactions by brokers or dealers with respect to the Registrable Notes or Exchange Notes;

(c) in the case of a Shelf Registration, furnish to each Holder of Registrable Notes, to counsel for the Initial Purchasers, to counsel for the Holders and to each Underwriter of an Underwritten Offering of Registrable Notes, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or Underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Notes; and the Company consents to the use of such Prospectus and any amendment or supplement thereto in accordance with applicable law by each of the selling Holders of Registrable Notes and any such Underwriters in connection with the offering and sale of the Registrable Notes covered by and in the manner described in such Prospectus or any amendment or supplement thereto in accordance with applicable law;

(d) use its reasonable best efforts to register or qualify the Registrable Notes under all applicable state securities or “blue sky” laws of such jurisdictions as any Holder of Registrable Notes covered by a Registration Statement shall reasonably request in writing by the time the applicable Registration Statement is declared effective by the SEC, to cooperate with such Holders in connection with any filings required to be made with the Financial Industry Regulatory Authority and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Notes owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (ii) file any general consent to service of process or (iii) subject itself to taxation in any such jurisdiction if it is not so subject;

(e) in the case of a Shelf Registration, notify each Holder of Registrable Notes who has provided contact information to the Company, counsel for the Holders and counsel for the Initial Purchasers promptly and, if requested by any such Holder or counsel, confirm such advice in writing (i) when a Shelf Registration Statement has become effective and when any post-effective amendment thereto has been filed and becomes effective, (ii) of any request by the SEC or any state securities authority for amendments and supplements to a Shelf Registration Statement and Prospectus or for material additional information after the Shelf Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Shelf Registration Statement or the initiation of any proceedings for that purpose, (iv) if, between the effective date of a Shelf Registration Statement and the closing of any sale of Registrable Notes covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects or if the Company receives any notification with respect to the suspension of the qualification of the Registrable Notes for sale in any jurisdiction or the initiation of any proceeding for such purpose,

(v) of the happening of any event during the period a Shelf Registration Statement is effective which makes any statement made in such Shelf Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Shelf Registration Statement or Prospectus in order to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading and (vi) of any determination by the Company that a post-effective amendment to a Registration Statement would be appropriate;

(f) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment and provide immediate notice to each Holder of the withdrawal of any such order;

(g) in the case of a Shelf Registration, furnish to each Holder of Registrable Notes, without charge, at least one conformed copy of each Shelf Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(h) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Notes to facilitate the timely preparation and delivery of notes representing Registrable Notes to be sold and not bearing any restrictive legends, and enable such Registrable Notes to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders may reasonably request at least two business days prior to the closing of any sale of Registrable Notes;

(i) in the case of a Shelf Registration, upon the occurrence of any event contemplated by Section 3(e)(v) hereof, use its reasonable best efforts to prepare and file with the SEC a supplement or post-effective amendment to a Shelf Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Notes, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Company agrees to notify the Holders to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and the Holders hereby agree to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission;

(j) a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus after initial filing of a Registration Statement, provide copies of such document to the Initial Purchasers and their counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) and make such of the representatives of the Company as shall be reasonably requested by the Initial Purchasers or their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) available for discussion of such document, and shall not at any time file or make any amendment to the Registration Statement, any Prospectus or any amendment of or

supplement to a Registration Statement or a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus, of which the Initial Purchasers and their counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) shall not have previously been advised and furnished a copy or to which the Initial Purchasers or their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) shall reasonably object, except for any amendment or supplement or document (a copy of which has been previously furnished to the Initial Purchasers and their counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel)) which counsel to the Company shall advise the Company in writing is required in order to comply with applicable law; the Initial Purchasers agree that, if they receive timely notice and documents under this clause (j), they will not take actions or make objections under this clause (j) such that the Company is unable to comply with its obligations under Section 2(a) or Section 2(b) hereof;

(k) obtain a CUSIP number for each of the Exchange Notes or the Registrable Notes, as the case may be, not later than the effective date of a Registration Statement;

(l) cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), in connection with the registration of the Exchange Notes or Registrable Notes, as the case may be, cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and execute, and use its reasonable best efforts to cause the Trustee to execute, all documents as may be required to effect such changes and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(m) in the case of a Shelf Registration, make available for inspection by a representative of the Holders of the Registrable Notes, any Underwriter participating in any disposition pursuant to such Shelf Registration Statement, and attorneys and accountants designated by the Holders, at reasonable times and in a reasonable manner, all financial and other records, pertinent documents and properties of the Company, and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, Underwriter, attorney or accountant in connection with a Shelf Registration Statement; provided, however, that any records, information or documents that are reasonably designated by the Company as confidential at the time of delivery of such records, information or documents shall be kept confidential by such persons, unless (i) such records, information or documents are in the public domain or otherwise publicly available, (ii) disclosure of such records, information or documents is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities (subject to the requirements of such order, and only after such person shall have given the Company prompt, and, if possible, at least 48 hours, prior written notice of such requirements so that the Company, at its expense, may undertake appropriate action to prevent disclosure of such information or records; provided that, should it be determined their disclosure is required, such person will take all precautions in consultation with the Company to preserve the confidentiality of such records, information or documents), (iii) disclosure of such records, information or

documents is required by law (including any disclosure requirements pursuant to federal securities laws in connection with the filing of any Registration Statement or the use of any Prospectus referred to in this Agreement) or (iv) such records, information or documents become available to any such person from a source other than the Company and that such person reasonably believes was entitled to disclose such records, information or documents to such person, and such sources is not subject to any contractual, legal, fiduciary or other obligation of confidentiality;

(n) if reasonably requested by any Holder of Registrable Notes covered by a Registration Statement, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information with respect to such Holder as such Holder reasonably requests to be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be incorporated in such filing; and

(o) in the case of a Shelf Registration, enter into such customary agreements and take all such other actions in connection therewith (including those requested by the Holders of a majority of the Registrable Notes being sold) in order to expedite or facilitate the disposition of such Registrable Notes including, but not limited to, an Underwritten Offering and in such connection, (i) to the extent possible, make such representations and warranties to the Holders and any Underwriters of such Registrable Notes with respect to the business of the Company and its subsidiaries, the Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested, (ii) obtain opinions of counsel to the Company (which counsel and opinions, in form, scope and substance, shall be reasonably satisfactory to the Holders of a majority in principal amount of Registrable Notes being sold and such Underwriters and their respective counsel) addressed to each selling Holder and Underwriter of Registrable Notes, covering the matters customarily covered in opinions requested in connection with underwritten firm commitment offerings, (iii) obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other certified public accountant of any subsidiary of the Company, or of any business acquired by the Company for which financial statements and financial data are or are required to be included in the Registration Statement) addressed to each selling Holder and Underwriter of Registrable Notes, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten firm commitment offerings, and (iv) deliver such documents and certificates as may be reasonably requested by the Holders of a majority in principal amount of the Registrable Notes being sold or the Underwriters, and which are customarily delivered in underwritten offerings, to evidence the continued validity of the representations and warranties of the Company made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in an underwriting agreement.

In the case of a Shelf Registration Statement, the Company may require each Holder of Registrable Notes to furnish to the Company such information regarding the Holder and the proposed distribution by such Holder of such Registrable Notes as the Company may

from time to time reasonably request in writing. The Company may exclude from such registrations the Registrable Note of any Holder who fails to furnish such information within 30 days after receiving such request.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e)(v) hereof, such Holder will forthwith discontinue disposition of Registrable Notes pursuant to a Shelf Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(i) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Notes current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Registrable Notes pursuant to a Registration Statement, the Company shall extend the period during which the Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions. The Company may give any such notice only twice during any 365-day period and any such suspensions may not exceed 45 days for each suspension and there may not be more than two suspensions in effect during any 365-day period.

The Holders of Registrable Notes covered by a Shelf Registration Statement who desire to do so may sell such Registrable Notes in an Underwritten Offering. In any such Underwritten Offering if requested by the Majority Holders, the investment banker or investment bankers and manager or managers (the "Underwriters") that will administer the offering will be selected by the Majority Holders of the Registrable Notes included in such offering, subject to the consent of the Company (which shall not be unreasonably withheld).

4. Participation of Broker-Dealers in Exchange Offer.

(a) The Staff of the SEC has taken the position that any broker-dealer that receives Exchange Notes for its own account in the Exchange Offer in exchange for Notes that were acquired by such broker-dealer as a result of market-making or other trading activities (a "Participating Broker-Dealer"), may be deemed to be an "underwriter" within the meaning of the 1933 Act and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Notes.

The Company understands that it is the Staff's position that if the Prospectus contained in the Exchange Offer Registration Statement includes a plan of distribution containing a statement to the above effect and the means by which Participating Broker-Dealers may resell the Exchange Notes, without naming the Participating Broker-Dealers or specifying the amount of Exchange Notes owned by them, such Prospectus may be delivered by Participating Broker-Dealers to satisfy their prospectus delivery obligation under the 1933 Act in connection with resales of Exchange Notes for their own accounts, so long as the Prospectus otherwise meets the requirements of the 1933 Act.

(b) In light of Section 4(a), notwithstanding the other provisions of this Agreement, the Company agrees that the provisions of this Agreement as they relate to a Shelf Registration shall also apply to an Exchange Offer Registration to the extent, and with such reasonable modifications thereto as may be, reasonably requested by the Initial Purchasers or by one or more Participating Broker-Dealers, in each case as provided in clause (ii) below, in order to expedite or facilitate the disposition of any Exchange Notes by Participating Broker-Dealers consistent with the positions of the Staff recited in Section 4(a) above; provided that:

(i) the Company shall not be required to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement, as would otherwise be contemplated by Section 3(i), (A) after the Participating Broker-Dealers shall have disposed of the Registrable Notes or (B) for a period exceeding 90 days after the last Exchange Date (as such period may be extended pursuant to the penultimate paragraph of Section 3 of this Agreement) and Participating Broker-Dealers shall not be authorized by the Company to deliver and shall not deliver such Prospectus after such period in connection with the resales contemplated by this Section 4; and

(ii) the application of the Shelf Registration procedures set forth in Section 3 of this Agreement to an Exchange Offer Registration, to the extent not required by the positions of the Staff of the SEC or the 1933 Act and the rules and regulations thereunder, will be in conformity with the reasonable request to the Company by the Initial Purchasers or with the reasonable request in writing to the Company by one or more broker-dealers who certify to the Initial Purchasers and the Company in writing that they anticipate that they will be Participating Broker-Dealers; and provided further that, in connection with such application of the Shelf Registration procedures set forth in Section 3 to an Exchange Offer Registration, the Company shall be obligated (x) to deal only with one entity representing the Participating Broker-Dealers, which shall be Morgan Stanley unless it elects not to act as such representative, (y) to pay the fees and expenses of only one counsel representing the Participating Broker-Dealers, which shall be counsel to the Initial Purchasers unless such counsel elects not to so act and (z) to cause to be delivered only one, if any, "cold comfort" letter with respect to the Prospectus in the form existing on the last Exchange Date and with respect to each subsequent amendment or supplement, if any, effected during the period specified in clause (i) above.

(c) The Initial Purchasers shall have no liability to the Company or any Holder with respect to any request that it may make pursuant to Section 4(b) above.

5. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Initial Purchasers, each Holder and each Person, if any, who controls any Initial Purchaser or any Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, or is under common control with, or is controlled by, any Initial Purchaser or any Holder, from and against all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by the Initial Purchasers, any Holder or any such controlling or affiliated Person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in any

Registration Statement (or any amendment thereto) pursuant to which Exchange Notes or Registrable Notes were registered under the 1933 Act, including all documents incorporated therein by reference, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or caused by any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), any Free Writing Prospectus or any Issuer Information filed or required to be filed pursuant to Rule 433(d) under the 1933 Act in each case, taken together with the prospectus, or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to the Initial Purchasers or any Holder furnished to the Company in writing through Morgan Stanley or any selling Holder expressly for use therein. In connection with any Underwritten Offering permitted by Section 3, the Company will also indemnify the Underwriters, if any, and dealers participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the 1933 Act and the 1934 Act) to the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Registration Statement.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the Initial Purchasers and the other selling Holders, and each of their respective directors, officers who sign the Registration Statement and each Person, if any, who controls the Company, any Initial Purchaser and any other selling Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act to the same extent as the foregoing indemnity from the Company to the Initial Purchasers and the Holders, but only with reference to information relating to such Holder furnished to the Company in writing by such Holder expressly for use in any Registration Statement (or any amendment thereto), any Prospectus (or any amendment or supplement thereto) or any Free Writing Prospectus.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to either paragraph (a) or paragraph (b) above, such Person (the "indemnified party") shall promptly notify the Person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (a) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Initial Purchasers and all Persons, if any,

who control any Initial Purchaser within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, (b) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, its officers who sign the Registration Statement and each Person, if any, who controls the Company within the meaning of either such Section and (c) the fees and expenses of more than one separate firm (in addition to any local counsel) for all Holders and all Persons, if any, who control any Holders within the meaning of either such Section, and that all such fees and expenses shall be reimbursed as they are incurred. In such case involving the Initial Purchasers and Persons who control the Initial Purchasers, such firm shall be designated in writing by the Initial Purchasers. In such case involving the Holders and such Persons who control Holders, such firm shall be designated in writing by the Majority Holders. In all other cases, such firm shall be designated by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 90 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party for such fees and expenses of counsel in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which such indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraph (a) or paragraph (b) of this Section 5 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Holders' respective obligations to contribute pursuant to this Section 5(d) are several in proportion to the respective principal amount of Registrable Notes of such Holder that were registered pursuant to a Registration Statement.

(e) The Company and each Holder agree that it would not be just or equitable if contribution pursuant to this Section 5 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 paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, no Holder shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which Registrable Notes were sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Initial Purchasers, any Holder or any Person controlling any Initial Purchaser or any Holder, or by or on behalf of the Company, its officers or directors or any Person controlling the Company, (iii) acceptance of any of the Exchange Notes and (iv) any sale of Registrable Notes pursuant to a Shelf Registration Statement.

6. Miscellaneous.

(a) No Inconsistent Agreements. The Company has not entered into, and on or after the date of this Agreement will not enter into, any agreement which is inconsistent with the rights granted to the Holders of Registrable Notes in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(b) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Notes affected by such amendment, modification, supplement, waiver or consent; provided, however, that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Notes unless consented to in writing by such Holder.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(c), which address initially is, with respect to the Initial Purchasers, c/o Morgan Stanley & Co. Incorporated, 1585 Broadway, 29th Floor, New York, New York 10036, facsimile no. (212) 507-8999, attention Investment Banking Division; and (ii) if to the Company, initially

at P.O. Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616, facsimile no. (817) 967-2199, attention of the Treasurer and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in the Indenture.

The Company shall notify all holders of the Notes and, if any, the Exchange Notes if it satisfied the obligations set forth in (i) Section 2(a) or Section 2(b) and (ii) Section 2(e)(i) and whether or not the interest rate on the Notes and, if any, the Exchange Notes will be increased pursuant to Section 2(e) hereof no later than January 15, 2010, which notification may be transmitted through the facilities of DTC, by press release or by such other means as the Company may reasonably determine.

(d) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Notes in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Notes, in any manner, whether by operation of law or otherwise, such Registrable Notes shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Notes such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof. The Initial Purchasers (in their capacity as Initial Purchasers) shall have no liability or obligation to the Company with respect to any failure by a Holder to comply with, or any breach by any Holder of, any of the obligations of such Holder under this Agreement.

(e) Purchases and Sales of Notes. The Company shall not, and shall use its best efforts to cause its affiliates (as defined in Rule 405 under the 1933 Act) not to, purchase and then resell or otherwise transfer any Notes prior to the consummation of the Exchange Offer or a Shelf Registration Statement being declared effective.

(f) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed

shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. This Agreement shall be governed by the laws of the State of New York.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

AMERICAN AIRLINES, INC.

By: /s/ Beverly K. Goulet

Name: Beverly K. Goulet

Title: Vice President Corporate Development
and Treasurer

Registration Rights Agreement Signature Page

Confirmed and accepted as of the date first above written:

MORGAN STANLEY & CO. INCORPORATED

By: /s/ Yurij Slyz

Name: Yurij Slyz

Title: Vice President

As Representative of the several Initial Purchasers

Registration Rights Agreement Signature Page

[LETTERHEAD OF AMERICAN AIRLINES, INC.]

September 3, 2009

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: American Airlines, Inc.
Registration Statement on Form S-1

Ladies and Gentlemen:

I am Senior Vice President, General Counsel and Chief Compliance Officer of American Airlines, Inc., a Delaware corporation (the "Company"), and as such I am delivering this opinion in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), of a Registration Statement (filed September 3, 2009) on Form S-1 (the "Registration Statement") and the prospectus included therein (the "Prospectus"). The Registration Statement relates to the exchange offer (the "Exchange Offer") by the Company of \$276,400,000 aggregate principal amount of the Company's 13.0% 2009-2 Secured Notes due 2016 (the "New Notes"), which are to be registered under the Securities Act pursuant to the Registration Statement, for an equal principal amount of its outstanding 13.0% 2009-2 Secured Notes due 2016 (the "Old Notes") originally issued pursuant to applicable exemptions from registration under the Securities Act. The New Notes are to be issued under the Indenture and Security Agreement, dated as of July 31, 2009 (the "Indenture"), between the Company and U.S. Bank Trust National Association, as Trustee (the "Trustee"). Capitalized terms used herein without definition have the meanings specified in the Indenture filed as an exhibit to the Registration Statement.

In so acting, I or attorneys under my supervision have examined the Registration Statement, the Prospectus and the Indenture, and have also examined and relied upon the originals, or copies certified or otherwise identified to our satisfaction, of such records, documents and other instruments as in our judgment are necessary or appropriate to enable me to render the opinion expressed below. In such examination, I or such attorneys have assumed the legal capacity of all natural persons executing documents, the genuineness of all signatures (other than those on behalf of the Company), the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted as copies. We also have relied as to factual matters upon, and have assumed the accuracy of, the representations and warranties contained in the Indenture and representations, statements and certificates of or from public officials.

Based on and subject to the foregoing and subject to the qualifications set forth below, I am of the opinion that when the execution, authentication and delivery of the New Notes by the Trustee have been duly authorized by all necessary corporate action of the Company and the Trustee, and the New Notes have been duly executed, authenticated, issued and delivered by the Trustee in exchange for the Old Notes as described in the Registration Statement and the Prospectus, the New Notes will be validly issued and will constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms.

The foregoing opinion is subject to: (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the rights of creditors generally, (ii) general principles of equity (whether considered in a proceeding at law or in equity), (iii) an implied covenant of good faith, reasonableness and fair dealing, and standards of materiality, and (iv) in the case of indemnity, contribution and exculpatory provisions, public policy considerations.

My opinion expressed above is limited to the federal laws of the United States of America, the laws of the State of New York and the corporate laws of the State of Delaware, except that I express no opinion with respect to the antitrust, bankruptcy, environmental, securities or tax laws of any jurisdiction.

This opinion letter is limited to the matters stated, and no opinion is implied or may be inferred beyond those opinions expressly stated herein. The opinion expressed herein is 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 such opinion.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and the use of my name under the caption "Validity of the New Notes" in the Prospectus included in such Registration Statement. In giving such consent, I do not thereby concede that I am in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Gary F. Kennedy

Gary F. Kennedy
Senior Vice President, General Counsel and
Chief Compliance Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the references to our firm under the caption "Experts" in this Registration Statement (Form S-1) and related Prospectus of American Airlines, Inc. and to the incorporation by reference therein of our report dated February 18, 2009 (except for changes as described in Note 1, as to which the date is April 15, 2009), with respect to the consolidated financial statements and schedule of AMR Corporation, included in AMR Corporation's Current Report (Form 8-K) dated April 21, 2009, our report dated February 18, 2009, with respect to the consolidated financial statements and schedule of American Airlines, Inc., included in American Airlines, Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2008, and our reports dated February 18, 2009 with respect to the effectiveness of internal control over financial reporting of AMR Corporation and American Airlines, Inc., included in their Annual Reports (Form 10-K) for the year ended December 31, 2008, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

ERNST & YOUNG LLP

Dallas, Texas

September 2, 2009



September 3, 2009

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, TX 76155-2605

Re: American Airlines, Inc. (the "Company")
Nine Boeing 737-823, One Boeing 767-323ER and Two Boeing 777-
223ER Aircraft Appraisals

Ladies and Gentlemen:

We hereby consent to (i) the use of the report prepared by us with respect to the aircraft referred to above, (ii) the summary of such report under the headings (a) "Prospectus Summary — Summary of Terms of Notes," (b) "Prospectus Summary — The Aircraft," (c) "Prospectus Summary — Loan to Aircraft Value Ratios," (d) "Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer," (e) "Description of the Notes — Loan to Value Ratios of Notes" and (f) "Description of the Aircraft and the Appraisals — The Appraisals" and (iii) references to our firm under the headings "Description of the Aircraft and the Appraisals — The Appraisals" and "Experts" in the Company's Prospectus included in the Registration Statement on Form S-1 and relating to the offering of American Airlines, Inc. 2009-2 Secured Notes due 2016.

Sincerely,

AIRCRAFT INFORMATION SERVICES, INC.

By: /s/ Fred Bearden

Name: Fred Bearden

Title: CEO

**Headquarters, 26072 Merit Circle, Suite 123, Laguna Hills, CA 92653
TEL: 949-582-8888 FAX: 949-582-8887 EMAIL: mail@AISL.aero**



1295 Northern Boulevard
Manhasset, New York 11030
(516) 365-6272 · Fax (516) 365-6287

September 3, 2009

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, TX 76155-2605

Re: American Airlines, Inc. (the "Company")
Nine Boeing 737-823, One Boeing 767-323ER and Two Boeing
777-223ER Aircraft Appraisals

Ladies & Gentlemen:

We hereby consent to (i) the use of the report prepared by us with respect to the aircraft referred to above, (ii) the summary of such report under the headings (a) "Prospectus Summary — Summary of Terms of Notes," (b) "Prospectus Summary — The Aircraft," (c) "Prospectus Summary — Loan to Aircraft Value Ratios," (d) "Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer," (e) "Description of the Notes — Loan to Value Ratios of Notes" and (f) "Description of the Aircraft and the Appraisals — The Appraisals" and (iii) references to our firm under the headings "Description of the Aircraft and the Appraisals — The Appraisals" and "Experts" in the Company's Prospectus included in the Registration Statement on Form S-1 and relating to the offering of American Airlines, Inc. 2009-2 Secured Notes due 2016.

Sincerely,

BK ASSOCIATES, INC.

A handwritten signature in black ink that reads "John F. Keitz".

John F. Keitz
President
ISTAT Senior Certified Appraiser
And Appraiser Fellow

JFK/kf

September 3, 2009

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, TX 76155-2605

Re: American Airlines, Inc. (the "Company")
Nine Boeing 737-823, One Boeing 767-323ER and Two Boeing 777-223ER
Aircraft Appraisals

Ladies and Gentlemen:

We hereby consent to (i) the use of the report prepared by us with respect to the aircraft referred to above, (ii) the summary of such report under the headings (a) "Prospectus Summary — Summary of Terms of Notes," (b) "Prospectus Summary — The Aircraft," (c) "Prospectus Summary — Loan to Aircraft Value Ratios," (d) "Risk Factors — Risk Factors Relating to the Notes and the Exchange Offer," (e) "Description of the Notes — Loan to Value Ratios of Notes" and (f) "Description of the Aircraft and the Appraisals — The Appraisals" and (iii) references to our firm under the headings "Description of the Aircraft and the Appraisals — The Appraisals" and "Experts" in the Company's Prospectus included in the Registration Statement on Form S-1 and relating to the offering of American Airlines, Inc. 2009-2 Secured Notes due 2016.

Sincerely,

MORTEN BEYER & AGNEW, INC.



Stephen P. Rehrmann, ATP/FE
Vice President — Appraisal Group
Morten Beyer & Agnew

2101 wilson boulevard | suite 1001 | arlington; virginia 22201
phone: 1 703 276 3200 | fax: 1 703 276 3201
www.mba.aero

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an Application to Determine Eligibility of
a Trustee Pursuant to Section 305(b)(2)o

U.S. BANK TRUST NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

41-1973763

I.R.S. Employer Identification No.

300 East Delaware Avenue, 9th Floor
Wilmington, Delaware
(Address of principal executive offices)

19801
(Zip Code)

Alison D.B. Nadeau
U.S. Bank Trust National Association
One Federal Street, 3rd Floor
Boston, MA 02110
Telephone (617) 603-6553
(Name, address and telephone number of agent for service)

AMERICAN AIRLINES, INC.

(Exact name of obligor as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-1502798
(I. R. S. Employer
Identification No.)

4333 Amon Carter Blvd.
Fort Worth, Texas
(Address of principal executive offices)

76155
(Zip Code)

13.0% 2009-2 Secured Notes due 2016

FORM T-1

Item 1. GENERAL INFORMATION. Furnish the following information as to the Trustee.

- a) *Name and address of each examining or supervising authority to which it is subject.*
Comptroller of the Currency
Washington, D.C.
- b) *Whether it is authorized to exercise corporate trust powers.*
Yes

Item 2. AFFILIATIONS WITH OBLIGOR. *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15. The Trustee is a Trustee under other Indentures under which securities issued by the obligor are outstanding. There is not and there has not been a default with respect to the securities outstanding under other such Indentures.

Item 16. LIST OF EXHIBITS: List below all exhibits filed as a part of this statement of eligibility and qualification.

- 1. A copy of the Articles of Association of the Trustee now in effect, incorporated herein by reference to Exhibit 1 of Form T-1, Document 6 of Registration No. 333-84320.
- 2. A copy of the certificate of authority of the Trustee to commence business, incorporated herein by reference to Exhibit 2 of Form T-1, Document 6 of Registration No. 333-84320.
- 3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, incorporated herein by reference to Exhibit 3 of Form T-1, Document 6 of Registration No. 333-84320.
- 4. A copy of the existing bylaws of the Trustee, as now in effect, incorporated herein by reference to Exhibit 4 of Form T-1, Document 6 of Registration No. 333-113995.
- 5. Not applicable.
- 6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, incorporated herein by reference to Exhibit 6 of Form T-1, Document 6 of Registration No. 333-84320.
- 7. Report of Condition of the Trustee as of June 30, 2009, published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.
- 8. Not applicable.
- 9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Boston, Commonwealth of Massachusetts on the 3rd day of September, 2009.

U.S. BANK TRUST NATIONAL ASSOCIATION

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau

Title: Vice President

Exhibit 7
U.S. Bank Trust National Association
Statement of Financial Condition
As of June 30, 2009
(\$000's)

	<u>6/30/2009</u>
Assets	
Cash and Balances Due From Depository Institutions	\$ 511,962
Fixed Assets	798
Intangible Assets	65,543
Other Assets	25,230
Total Assets	\$ 603,533
Liabilities	
Other Liabilities	\$ 17,151
Total Liabilities	\$ 17,151
Equity	
Common and Preferred Stock	\$ 1,000
Surplus	505,932
Undivided Profits	79,450
Total Equity Capital	\$ 586,382
Total Liabilities and Equity Capital	\$ 603,533

To the best of the undersigned's determination, as of this date the above financial information is true and correct.

U.S. Bank Trust National Association

By: Alison D.B. Nadeau
Alison D.B. Nadeau
Vice President

Date: September 3, 2009

LETTER OF TRANSMITTAL
AMERICAN AIRLINES, INC.
OFFER TO EXCHANGE
ANY AND ALL OUTSTANDING
13.0% 2009-2 Secured Notes due 2016
for
a Like Principal Amount of Corresponding New Notes
Registered Under the Securities Act of 1933, as amended (the "Securities Act")

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT _____, NEW YORK CITY TIME, ON _____, 2009 (THE "EXPIRATION DATE") UNLESS THE OFFER IS EXTENDED, IN WHICH CASE "EXPIRATION DATE" MEANS THE LATEST DATE AND TIME TO WHICH THE EXCHANGE OFFER IS EXTENDED. TENDERS MAY BE WITHDRAWN PRIOR TO THE EXPIRATION DATE.

The Exchange Agent for the Exchange Offer is:
 U.S. BANK NATIONAL ASSOCIATION

***Delivery by Registered
or Certified Mail, Hand Delivery or
Overnight Courier:***

U.S. Bank Corporate Trust
 Attn: Lori Buckles – Specialized Finance
 60 Livingston Avenue
 2nd Floor
 St. Paul, MN 55107

***Facsimile Transmissions:
(Eligible Institutions Only)***

(651) 495-8158

***To Confirm by Telephone
or for Information Call:***

(651) 495-3520

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN THE ADDRESS OF THE EXCHANGE AGENT AS SET FORTH ABOVE, OR TRANSMISSION OF THIS LETTER OF TRANSMITTAL VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE, DOES NOT CONSTITUTE A VALID DELIVERY. DELIVERY WILL BE DEEMED MADE ONLY WHEN ALL REQUIRED DOCUMENTATION IS ACTUALLY RECEIVED BY THE EXCHANGE AGENT. DELIVERY OF DOCUMENTS OR INSTRUCTIONS TO THE DEPOSITORY TRUST COMPANY ("DTC") DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT. THE INSTRUCTIONS CONTAINED HEREIN SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL OR ANY OTHER DOCUMENTATION IS COMPLETED.

The undersigned acknowledges that he, she or it has received the Prospectus, dated _____, 2009 (as the same may be amended or supplemented from time to time, the “*Prospectus*”), of American Airlines, Inc., a Delaware corporation (the “*Company*”), and this Letter of Transmittal (or a facsimile thereof, the “*Letter of Transmittal*”), which together constitute the Company’s offer (the “*Exchange Offer*”) to exchange up to \$276,400,000 aggregate principal amount of its issued and outstanding 2009-2 Secured Notes due 2016 (the “*Old Notes*”) for a like principal amount of its 2009-2 Secured Notes due 2016 (the “*New Notes*”), which have been registered under the Securities Act, from the registered holders thereof (each, a “*Holder*” and, collectively, the “*Holder*s”), upon the terms and subject to the conditions of the Exchange Offer, as set forth in the Prospectus and this Letter of Transmittal.

In the event of any conflict between the Prospectus and the Letter of Transmittal, the Prospectus shall govern. Terms used but not defined herein shall have the same meanings given to them in the Prospectus.

Tenders by book-entry transfer may be made by delivering an Agent’s Message, defined below, in lieu of this Letter of Transmittal. This Letter of Transmittal is to be completed by the Holders of Old Notes either (i) if tenders of Old Notes are to be made by book-entry transfer to an account maintained by U.S. Bank National Association (the “*Exchange Agent*”) at DTC pursuant to the procedures set forth in the “*The Exchange Offer—Procedures for Tendering*” and “*The Exchange Offer—Book-Entry Transfer*” in the Prospectus and an Agent’s Message is not delivered, or (ii) if Old Notes in certificated form are to be forwarded herewith.

The term “*Agent’s Message*” means a message, transmitted through the Automated Tender Offer Program (“*ATOP*”) by DTC to, and received by, the Exchange Agent and forming a part of a Book-Entry Confirmation, that states that DTC has received an express acknowledgement that the tendering Holder has received and agrees to be bound by this Letter of Transmittal or, in the case of an Agent’s Message relating to guaranteed delivery, that such Holder has received and further agrees to be bound by the notice of guaranteed delivery, and that the Company may enforce this Letter of Transmittal, or the notice of guaranteed delivery, as the case may be, against such Holder. By crediting the Old Notes to the Exchange Agent’s account in DTC’s ATOP and by complying with applicable ATOP procedures with respect to the Exchange Offer, including transmitting to the Exchange Agent an Agent’s Message, the tendering institution confirms on behalf of itself and the beneficial owner(s) of such Old Notes all provisions of this Letter of Transmittal, including all representations and warranties herein, applicable to it and to such beneficial owner(s) as fully as if it and such beneficial owner(s) had executed, and transmitted to the Exchange Agent, this Letter of Transmittal and completed all information required herein.

Holders whose Old Notes are not immediately available or who cannot deliver their Old Notes and all other required documents to the Exchange Agent before the Expiration Date, or who cannot complete the procedure for book-entry transfer prior to the Expiration Date, must tender their Old Notes in accordance with the guaranteed delivery procedures set forth in the Prospectus under “*The Exchange Offer—Guaranteed Delivery Procedures.*” See Instruction 1.

DELIVERY WILL BE DEEMED MADE ONLY WHEN ALL REQUIRED DOCUMENTATION IS ACTUALLY RECEIVED BY THE EXCHANGE AGENT. DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

**NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.**

List below the Old Notes to which this Letter of Transmittal relates. If the space below is inadequate, the certificate number(s), principal amount(s) of Old Notes being tendered and any other required information should be listed on a separate signed schedule attached hereto. See Instruction 3. This form need not be completed by Holders tendering Old Notes by transmitting an Agent's Message through DTC's ATOP.

The undersigned has completed the appropriate boxes below and signed this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer:

DESCRIPTION OF OLD NOTES

<u>Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank, exactly as name(s) appear(s) on the Old Note(s))</u>	<u>Certificate Number(s) *</u>	<u>Aggregate Principal Amount Represented By Old Notes</u>	<u>Principal Amount Tendered **</u>
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Total Principal Amount Tendered:

* Need not be completed if Old Notes are being transferred by book-entry transfer. Such Holders should check the other boxes above as appropriate and provide the requested information.

** Unless otherwise indicated, it will be assumed that ALL Old Notes described above are being tendered. Old Notes tendered hereby must be in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof. See Instruction 4.

- CHECK HERE IF CERTIFICATES REPRESENTING OLD NOTES ARE ENCLOSED HEREWITH.
- CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC AND COMPLETE THE FOLLOWING:

Name of Tendering Institution _____

DTC Account Number _____

Transaction Code Number _____

Only participants in DTC may deliver Old Notes by book-entry transfer.

- CHECK HERE AND ENCLOSE A PHOTOCOPY OF THE NOTICE OF GUARANTEED DELIVERY IF TENDERED OLD NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING (SEE INSTRUCTION 1):

Name(s) of Registered Holder(s) _____

Address(es) of Registered Holders _____

Window Ticket Number (if any) _____

Date of Execution of Notice of Guaranteed Delivery _____

Name of Institution that Guaranteed Delivery _____

IF GUARANTEED DELIVERY IS TO BE MADE BY BOOK-ENTRY TRANSFER:

Name of Tendering Institution _____

DTC Account Number _____

Transaction Code Number _____

- CHECK HERE IF OLD NOTES TENDERED BY BOOK-ENTRY TRANSFER AND NON-EXCHANGED OLD NOTES ARE TO BE RETURNED BY CREDITING THE DTC ACCOUNT NUMBER SET FORTH ABOVE.

- CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name _____

Address _____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes; however, by so acknowledging and by delivering such a prospectus, the undersigned will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. In addition, such broker-dealer represents that it is not acting on behalf of any person who could not truthfully make the foregoing representations.

If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, where such Old Notes were not acquired as a result of market-making activities or other trading activities, such broker-dealer will not be able to participate in the Exchange Offer.

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer (including, if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby tenders to the Company for exchange the above-described aggregate principal amount of the Company's Old Notes. Subject to, and effective upon, the acceptance for exchange of the Old Notes tendered hereby, the undersigned hereby sells, assigns and transfers to the Company all right, title and interest in and to such Old Notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its agent, attorney-in-fact and proxy (with full knowledge that the Exchange Agent is also acting as agent of the Company in connection with the Exchange Offer) with respect to the tendered Old Notes, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) subject only to the right of withdrawal described in the Prospectus, to (i) deliver such Old Notes, or transfer ownership of such Old Notes, to the Company together with all accompanying evidences of transfer and authenticity to the Company, upon receipt by the Exchange Agent, as the undersigned's agent, of the New Notes to be issued in exchange for such Old Notes, (ii) present such Old Notes for transfer, and transfer such Old Notes on the books of the Company and (iii) receive for the account of the Company all benefits and otherwise exercise all rights of beneficial ownership of such Old Notes, all in accordance with the terms and conditions of the Exchange Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, sell, assign and transfer the Old Notes tendered hereby and that, when such Old Notes are accepted for exchange, the Company will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances, and that the Old Notes tendered hereby are not subject to any adverse claims or proxies when such Old Notes are accepted for exchange by the Company. The undersigned will, upon request, execute and deliver any additional documents deemed by the Company or the Exchange Agent to be necessary or desirable to complete the exchange, assignment and transfer of the Old Notes tendered hereby, and the undersigned will comply with its obligations under the registration rights agreement referred to in the Prospectus with respect to the Old Notes being tendered hereby. The undersigned has read and agrees to all of the terms of the Exchange Offer.

By tendering Old Notes and executing this Letter of Transmittal, or transmitting an Agent's Message in lieu thereof, the undersigned hereby represents and agrees that: (i) any New Notes acquired in exchange for Old Notes tendered hereby will be acquired in the ordinary course of business of the person receiving such New Notes, (ii) the undersigned has no arrangements or understandings with any person to participate in the distribution of the notes within the meaning of the Securities Act and (iii) the undersigned is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Company or, if it is such an affiliate, the undersigned will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

The undersigned acknowledges that the Exchange Offer is being made in reliance on interpretations by the staff of the Securities and Exchange Commission (the "SEC"), as set forth in no-action letters issued to third parties, that the New Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by Holders thereof (other than any such Holder that is a broker-dealer or an "affiliate" of the Company within the meaning of Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that such New Notes are acquired in the ordinary course of such Holder's business, at the time of commencement of the Exchange Offer such Holder has no arrangement or understanding with any person to participate in a distribution of such New Notes, and such Holder is not engaged in, and does not intend to engage in, a distribution of such New Notes. However, the SEC has not considered the Exchange Offer in the context of a no-action letter, and there can be no assurance that the SEC staff would make a similar determination with respect to the New Notes as it has made in previous no-action letters. If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of New Notes, and has no arrangement or understanding to participate in a distribution of New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, it represents that the Old Notes to be exchanged for the New Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the

requirements of the Securities Act in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus meeting the requirements of the Securities Act, the undersigned will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

The SEC staff has taken the position that such broker-dealers may fulfill their prospectus delivery requirements with respect to the New Notes (other than a resale of New Notes received in exchange for an unsold allotment from the original sale of the Old Notes) with the Prospectus. The Company has agreed that the Prospectus may be used by certain broker-dealers (as specified in the registration rights agreement referenced in the Prospectus) (“*Exchanging Dealers*”) in connection with the sale or transfer of New Notes for a period of time starting on the Expiration Date and ending on the close of business 90 days after the Expiration Date or, if earlier, the date on which all such broker-dealers have sold all New Notes held by them. The Company has agreed that, for such period of time, they will make the Prospectus available to any such broker-dealer which elects to exchange Old Notes acquired for its own account as a result of market-making or other trading activities for New Notes pursuant to the Exchange Offer, for use in connection with any resale of any New Notes. In that regard, each Exchanging Dealer, by tendering such Old Notes and executing, or otherwise becoming bound by, this Letter of Transmittal, including by transmitting an Agent’s Message in lieu thereof, agrees that, upon receipt of notice from the Company of the occurrence of any event or the discovery of any fact which makes any statement contained or incorporated by reference in the Prospectus untrue in any material respect or which causes the Prospectus to omit to state a material fact necessary to make the statements contained or incorporated by reference therein, in light of the circumstances under which they were made, not misleading or of the occurrence of certain other events specified in the registration rights agreement referenced in the Prospectus with respect to the Old Notes tendered hereby, such Exchanging Dealer will suspend the sale of New Notes pursuant to the Prospectus until the Company (i) has amended or supplemented the Prospectus to correct such misstatement or omission, (ii) either has furnished copies of the amended or supplemented Prospectus to the Exchanging Dealer or, if the Company has not otherwise agreed to furnish such copies or declines to do so after such broker-dealer so requests, such broker-dealer has obtained a copy of such amended or supplemented Prospectus as filed with the SEC and (iii) has given notice that the sale of New Notes may be resumed, as the case may be.

If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, where such Old Notes were not acquired as a result of market-making activities or other trading activities, such broker-dealer will not be able to participate in the Exchange Offer.

The name(s) and address(es) of the Holder(s) of the Old Notes tendered hereby should be printed above, if they are not already set forth above, as they appear on the certificates representing such Old Notes. The certificate number(s) and the Old Notes that the undersigned wishes to tender should be indicated in the appropriate boxes above.

If any tendered Old Notes are not exchanged pursuant to the Exchange Offer for any reason, or if certificates are submitted for more Old Notes than are tendered or accepted for exchange, certificates for such non-exchanged or non-tendered Old Notes will be returned (or, in the case of Old Notes tendered by book-entry transfer, such Old Notes will be credited to an account maintained at DTC), without expense to the tendering Holder, as promptly as practicable following the expiration or termination of the Exchange Offer.

The undersigned understands that tenders of Old Notes pursuant to the procedures described in the Prospectus under “The Exchange Offer—Procedures for Tendering Old Notes” and in the instructions attached hereto will, upon the Company’s acceptance for exchange of such tendered Old Notes, constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer. The undersigned recognizes that, under certain circumstances set forth in the Prospectus, the Company may not be required to accept for exchange any of the Old Notes tendered hereby.

Unless otherwise indicated in the box entitled “Special Issuance Instructions” below, the undersigned hereby directs that the New Notes (and, if applicable, substitute certificates representing the Old Notes for any New Notes not exchanged) be issued in the name(s) of the undersigned or, in the case of a book-entry transfer of Old Notes, that such New Notes be credited to the account indicated above maintained at DTC. Similarly, unless otherwise indicated in the box entitled “Special Delivery Instructions” below, the undersigned hereby directs that the New Notes be delivered to the undersigned at the address shown below the undersigned’s name in such box.

Holders of Old Notes whose Old Notes are accepted for exchange will not receive accrued interest on such Old Notes for any period from and after the last interest payment date on which interest was paid or duly provided for on such Old Notes prior to the original issue date of the New Notes or, if no such interest has been paid or duly provided for on such Old Notes, will not receive any accrued interest on such Old Notes, and the undersigned waives the right to receive any such interest on such Old Notes accrued from and after such interest payment date or, if no such interest has been paid or duly provided for on such Old Notes, from and after the date of original issue of such Old Notes. The New Notes will bear interest from the last interest payment date on which interest was paid on the Old Notes or, if no interest has been paid on the Old Notes, from the date of original issue of Old Notes.

All authority herein conferred or agreed to be conferred shall survive and shall not be affected by the death or incapacity of the undersigned, and every obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, personal representatives, trustees in bankruptcy, legal representatives, successors and assigns of the undersigned. Except as stated in the Prospectus, this tender is irrevocable.

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF OLD NOTES" ABOVE AND SIGNING THIS LETTER OF TRANSMITTAL, OR TRANSMITTING AN AGENT'S MESSAGE IN LIEU THEREOF, WILL BE DEEMED TO HAVE TENDERED THE OLD NOTES AS SET FORTH IN SUCH BOX.

SPECIAL ISSUANCE INSTRUCTIONS
(SIGNATURE GUARANTEE REQUIRED — SEE INSTRUCTION 2)

To be completed ONLY if (i) New Notes and/or Old Notes not tendered are to be issued in the name of someone other than the Holder of the Old Notes whose name(s) appear(s) above or (ii) Old Notes tendered by book-entry transfer which are not exchanged are to be returned by credit to the account maintained at DTC other than the account indicated above.

Issue:

- Old Notes not tendered to:
- New Notes to:

Name _____
(Please Print)

Address _____

(Include Zip Code)

(Tax Identification or Social Security Number)

- Credit unexchanged Old Notes delivered by book-entry transfer to the DTC Account set forth below:

(DTC Account Number)

SPECIAL DELIVERY INSTRUCTIONS
(SIGNATURE GUARANTEE REQUIRED — SEE INSTRUCTION 2)

To be completed ONLY if New Notes and/or Old Notes not tendered are to be sent to (i) someone other than the Holder of the Old Notes whose name(s) appear(s) above, or (ii) such Holder at an address other than that shown above.

Deliver:

- Old Notes not tendered to:
- New Notes to:

Name _____
(Please Print)

Address _____

(Include Zip Code)

(Tax Identification or Social Security Number)

PLEASE COMPLETE AND SIGN BELOW

IMPORTANT: THIS LETTER OF TRANSMITTAL, OR A FACSIMILE THEREOF, OR AN AGENT'S MESSAGE IN LIEU THEREOF (TOGETHER WITH THE CERTIFICATES FOR OLD NOTES BEING TENDERED OR A BOOK-ENTRY CONFIRMATION, AS APPLICABLE, AND ALL OTHER REQUIRED DOCUMENTS) OR THE NOTICE OF GUARANTEED DELIVERY MUST BE ACTUALLY RECEIVED BY THE EXCHANGE AGENT PRIOR TO THE EXPIRATION DATE. DELIVERY WILL BE DEEMED MADE ONLY WHEN ALL REQUIRED DOCUMENTATION IS ACTUALLY RECEIVED BY THE EXCHANGE AGENT. DELIVERY OF DOCUMENTS OR INSTRUCTIONS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING ANY BOX HEREIN.

IMPORTANT
ALL TENDERING HOLDERS: SIGN HERE
TO TENDER OLD NOTES IN THE EXCHANGE OFFER
(PLEASE COMPLETE ACCOMPANYING FORM W-9 HEREIN UNLESS AN AGENT'S MESSAGE IS
DELIVERED THROUGH DTC'S ATOP)

Signature(s) of Holder(s)

Date:

(Must be signed by the registered Holder(s) exactly as name(s) appear(s) on certificates(s) for the Old Notes hereby tendered or on a security position listing or by person(s) authorized to become registered Holder(s) by certificates and documents transmitted herewith. If signature is by trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, please provide the following information and see Instructions 2 and 5 below.)

Name(s): _____

(Please Print)

Capacity (full title): _____

Address: _____

(Include Zip Code)

Area Code and Telephone Number: _____

Tax Identification Number, Social Security Number or Employer Identification Number: _____

(SEE FORM W-9 HEREIN)

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTION 2 BELOW)

Authorized Signature: _____

Name: _____
(Please Type or Print)

Title: _____

Name of Firm: _____

Address: _____

(Include Zip Code)

Area Code and Telephone Number: _____

Date: _____

Place seal here:

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. Delivery of Letter of Transmittal and Old Notes or Agent's Message and Book-Entry Confirmations; Guaranteed Delivery Procedures. This Letter of Transmittal is to be completed either if (a) tenders are to be made pursuant to the procedures for tender by book-entry transfer set forth in "The Exchange Offer—Book-Entry Transfer" in the Prospectus and an Agent's Message is not delivered or (b) certificates are to be forwarded herewith. Timely confirmation of a book-entry transfer of Old Notes into the Exchange Agent's account at DTC ("*Book-Entry Confirmation*"), along with an Agent's Message or this Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, and, in any case, any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein on or prior to the Expiration Date. Old Notes tendered hereby must be in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof.

Holders who wish to tender their Old Notes but (i) who cannot complete the procedures for delivery by book-entry transfer on or before the Expiration Date, (ii) whose Old Notes are not immediately available or (iii) time will not permit their Old Notes, this Letter of Transmittal, or an Agent's Message in lieu thereof, and all other required documents to reach the Exchange Agent on or prior to the Expiration Date, may tender their Old Notes by properly completing and duly executing a notice of guaranteed delivery (a "*Notice of Guaranteed Delivery*") pursuant to the guaranteed delivery procedures set forth in the Prospectus under "The Exchange Offer—Guaranteed Delivery Procedures". Pursuant to such procedures: (i) such tender must be made through an Eligible Institution (as defined below), (ii) prior to the Expiration Date, the Exchange Agent must actually receive from such Eligible Institution, by facsimile transmission, mail or hand delivery, a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by us, or an Agent's Message with respect to guaranteed delivery, in lieu thereof, in either case stating (A) the name and address of the Holder of Old Notes, (B) the amount of Old Notes tendered, and (C) that the tender is being made by delivering such notice and guaranteeing that, within three New York Stock Exchange trading days after the Expiration Date, a Book-Entry Confirmation or the certificates for all physically tendered Old Notes, in proper form for transfer, together with either an appropriate Agent's Message or this Letter of Transmittal, properly completed and duly executed, and all other required documentation, will be deposited by that Eligible Institution with the Exchange Agent, and (iii) a Book-Entry Confirmation or the certificates for all physically tendered Old Notes, in proper form for transfer, together with either an appropriate Agent's Message or this Letter of Transmittal, properly completed and duly executed, and all other required documentation, must be actually received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date.

For Old Notes to be properly tendered pursuant to the guaranteed delivery procedure, the Exchange Agent must actually receive a Notice of Guaranteed Delivery prior to the Expiration Date. An "*Eligible Institution*" means an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), or a commercial bank or trust company having an office or correspondent in the United States that is a member in good standing of a medallion program recognized by the Securities Transfer Association Inc., including the Securities Transfer Agents Medallion Program ("*STAMP*"), the Stock Exchanges Medallion Program ("*SEMP*") and the New York Stock Exchange Medallion Signature Program ("*MSP*").

The method of delivery of Old Notes, this Letter of Transmittal, transmission of an Agent's Message, Notices of Guaranteed Delivery and all other required documents, including delivery of Old Notes through DTC's ATOP, is at the election and sole risk of the tendering Holder. Delivery will be deemed made only when all required documentation is actually received by the Exchange Agent. Delivery of documents or instructions to DTC in accordance with its procedures does not constitute delivery to the Exchange Agent. If delivery is by mail, then registered mail, properly insured, with return receipt requested, is recommended. In all cases, sufficient time should be allowed to assure timely delivery to the Exchange Agent.

2. Signature Guarantees. Signatures on this Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the Old Notes being surrendered for exchange are tendered (i) by a Holder of the Old Notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Letter of Transmittal, or (ii) for the account of an Eligible Institution. See Instruction 5.

3. **Inadequate Space.** If the space provided in the box captioned “Description of Old Notes” is inadequate, the certificate number(s) and the principal amount of Old Notes being tendered and any other required information should be listed on a separate signed schedule that is attached to this Letter of Transmittal.

4. **Partial Tenders (Not Applicable to Holders Who Tender by Book-Entry Transfer).** If less than all of the Old Notes evidenced by any certificates submitted are to be tendered, fill in the principal amount of Old Notes which are to be tendered in the box entitled “Description of Old Notes—Principal Amount Tendered.” In such case, new certificates(s) for the remainder of the Old Notes not being tendered that were evidenced by the old certificate(s) submitted herewith will be issued and delivered, as promptly as practicable after the Expiration Date to the Holder(s) of the Old Notes, unless otherwise indicated in the box(es) entitled “Special Issuance Instructions” or “Special Delivery Instructions,” as applicable. See Instruction 6. All of the Old Notes represented by certificates delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

5. **Signatures on Letter of Transmittal, Assignments and Endorsements.** If this Letter of Transmittal is signed by the registered Holder(s) of the Old Notes tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificates(s) without alteration, enlargement or any change whatsoever.

If any Old Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Old Notes are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimiles thereof) as there are different registrations of certificates.

If this Letter of Transmittal or any certificates are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers or corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and, unless waived by the Company, must submit proper evidence satisfactory to the Company, in its sole discretion, of each such person’s authority to so act.

When this Letter of Transmittal is signed by the registered Holder(s) of the Old Notes listed and transmitted hereby (which, for purposes of the Exchange Offer, includes any DTC participant whose name appears on a security position listing as the holder of such Old Notes), no endorsement(s) of certificates(s) or separate bond power(s) is required unless (i) New Notes are to be issued in the name of a person other than the registered Holder(s) or (ii) such registered Holder is not an Eligible Institution. Signature(s) on such certificates(s) or bond power(s) must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered Holder(s) of the Old Notes listed, the certificate(s) must be endorsed or accompanied by appropriate powers of attorney, signed exactly as the name or names of the registered Holder(s) appear(s) on the certificate(s), and also must be accompanied by such opinions of counsel, certifications and other information as the Company or the trustee for the Old Notes may require in accordance with the restrictions on transfer applicable to the Old Notes. Signatures on such certificate(s) or power(s) must be guaranteed by an Eligible Institution.

6. **Special Issuance and Delivery Instructions.** If New Notes are to be issued in the name of a person other than the signer of this Letter of Transmittal, or if New Notes are to be sent to someone other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed.

Holders tendering Old Notes by book-entry transfer may request that Old Notes not exchanged be credited to such account maintained at DTC as such Holder may designate herein. If no such instructions are given, such Old Notes not exchanged will be returned to the name and address (or DTC account number) of the person signing this Letter of Transmittal.

7. **Irregularities; Waiver of Conditions.** The Company will determine, in its sole discretion, all questions as to the validity, form and eligibility, time of receipt and acceptance for exchange of any tender of Old Notes, which determination shall be final and binding on all parties. The Company reserves the absolute right to reject any and all tenders of any particular Old Notes properly tendered or to not accept any particular Old Notes if such acceptance might, in its

judgment or the judgment of its counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Exchange Offer set forth in the Prospectus under “The Exchange Offer—Conditions to the Exchange Offer” or any conditions or irregularities in any tender of Old Notes of any particular Holder whether or not similar conditions or irregularities are waived in the case of other Holders. The Company’s interpretation of the terms and conditions of the Exchange Offer (including this Letter of Transmittal and the instructions hereto) will be final and binding on all parties. No tender of Old Notes will be deemed to have been validly made until all irregularities with respect to such tender have been cured or waived. Neither the Company, the Exchange Agent nor any other person shall be under any duty or obligation to give notice of any irregularity or defect with respect to any tender of Old Notes for exchange, nor shall any of them incur any liability for failure to give such notice.

8. Taxpayer Identification Number; Backup Withholding; IRS Form W-9. U.S. federal income tax laws generally require that a tendering Holder provide the Exchange Agent with such Holder’s correct Taxpayer Identification Number (“*TIN*”) on IRS Form W-9, Request for Taxpayer Identification Number and Certification, below (the “*IRS Form W-9*”), which in the case of a Holder who is an individual, is his or her social security number. If the tendering Holder is a non-resident alien or a foreign entity, other requirements (as described below) will apply. If the Exchange Agent is not provided with the correct TIN or an adequate basis for an exemption from backup withholding, such tendering Holder may be subject to a \$50 penalty imposed by the Internal Revenue Service (the “*IRS*”). In addition, failure to provide the Exchange Agent with the correct TIN or an adequate basis for an exemption from backup withholding may result in backup withholding on payments made to the tendering Holder pursuant to the Exchange Offer at a current rate of 28%. If withholding results in an overpayment of taxes, the Holder may obtain a refund from the IRS.

Exempt Holders of the Notes (including, among others, all corporations) are not subject to these backup withholding and reporting requirements. See the enclosed Instructions for the Requester of Form W-9 (the “*W-9 Guidelines*”) for additional instructions.

To prevent backup withholding, each tendering Holder that is a U.S. person (including a resident alien) must provide its correct TIN by completing the IRS Form W-9 set forth below, certifying, under penalties of perjury, that such Holder is a U.S. person (including a resident alien), that the TIN provided is correct (or that such Holder is awaiting a TIN) and that (i) such Holder is exempt from backup withholding, or (ii) such Holder has not been notified by the IRS that such Holder is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified such Holder that such Holder is no longer subject to backup withholding. If the Notes are in more than one name or are not in the name of the actual owner, such Holder should consult the W-9 Guidelines for information on which TIN to report. If such Holder does not have a TIN, such Holder should consult the W-9 Guidelines for instructions on applying for a TIN and write “Applied For” in the space reserved for the TIN, as shown on IRS Form W-9. Note: Writing “Applied For” on the IRS Form W-9 means that such Holder has already applied for a TIN or that such Holder intends to apply for one in the near future. If such Holder does not provide its TIN to the Exchange Agent within 60 days, backup withholding will begin and continue until such Holder furnishes its TIN to the Exchange Agent.

A tendering Holder that is a non-resident alien or a foreign entity must submit the appropriate completed IRS Form W-8 (generally IRS Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) to avoid backup withholding. The appropriate form may be obtained via the IRS website at www.irs.gov or by contacting the Exchange Agent at the address on the face of this Letter of Transmittal.

FAILURE TO COMPLETE IRS FORM W-9, IRS FORM W-8BEN OR ANOTHER APPROPRIATE FORM MAY RESULT IN BACKUP WITHHOLDING AT THE RATE DESCRIBED ABOVE ON ANY PAYMENTS MADE TO YOU PURSUANT TO THE EXCHANGE OFFER.

9. No Conditional Tenders. No alternative, conditional or contingent tenders will be accepted. All tendering Holders of Old Notes, by execution of this Letter of Transmittal (or facsimile thereof) or transmission of an Agent’s Message, shall waive any right to receive notice of the acceptance of Old Notes for exchange.

10. Mutilated, Lost, Destroyed or Stolen Certificates. If any certificates(s) representing Old Notes have been mutilated, lost, destroyed or stolen, the Holder should promptly notify the Exchange Agent. The Holder will then be instructed as to the steps that must be taken in order to replace the certificates(s). This Letter of Transmittal

or Agent's Message in lieu thereof and any related documents cannot be processed until the procedures for replacing mutilated, lost, destroyed or stolen certificates(s) have been followed.

11. **Withdrawal Rights.** Except as otherwise provided herein, tenders of Old Notes may be withdrawn at any time on or prior to the Expiration Date. For a withdrawal to be effective, a written notice of withdrawal must actually be received by the Exchange Agent prior to such time, properly transmitted either through DTC's ATOP or to the Exchange Agent at the address listed above. Any notice of withdrawal must (i) specify the name of the person having tendered the Old Notes to be withdrawn, (ii) identify the Old Notes to be withdrawn, (iii) specify the principal amount of the Old Notes to be withdrawn, (iv) contain a statement that the tendering Holder is withdrawing its election to have such notes exchanged for New Notes, (v) except in the case of a notice of withdrawal transmitted through DTC's ATOP system, be signed by the Holder in the same manner as the original signature on the letter of transmittal by which the Old Notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the Old Notes register the transfer of the Old Notes in the name of the person withdrawing the tender, (vi) if certificates for Old Notes have been delivered to the Exchange Agent, specify the name in which the Old Notes are registered, if different from that of the withdrawing Holder, (vii) if certificates for Old Notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of those certificates, specify the serial numbers of the particular certificates to be withdrawn, and, except in the case of a notice of withdrawal transmitted through DTC's ATOP system, include a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless the tendering Holder is an Eligible Institution, and (viii) if Old Notes have been tendered using the procedure for book-entry transfer described in the Prospectus under "The Exchange Offer—Book-Entry Transfer," specify the name and number of the account at DTC from which the Old Notes were tendered and the name and number of the account at DTC to be credited with the withdrawn Old Notes, and otherwise comply with the procedures of DTC.

All questions as to the validity, form and eligibility, time of receipt and acceptance of withdrawal notices will be determined by the Company, in its sole discretion, whose determination shall be final and binding on all parties. Any Old Notes so withdrawn will be considered not to have been validly tendered for exchange for purposes of the exchange offer. New Notes will not be issued in exchange for such withdrawn Old Notes unless the Old Notes so withdrawn are validly re-tendered. Neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any notice of withdrawal nor shall any of them incur any liability for failure to give such notification. Any Old Notes that have been tendered but that are properly withdrawn will be returned to the Holder thereof or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at DTC using the book-entry procedures described in the Prospectus under "The Exchange Offer—Book-Entry Transfer," credited to an account maintained at DTC, without cost to such Holder as promptly as practicable after the expiration or termination of the Exchange Offer. Holders of Old Notes who have properly withdrawn Old Notes and wish to re-tender them, may do so by following one of the procedures described under "—Procedures for Tendering Old Notes" above at any time on or prior to the Expiration Date.

12. **Security Transfer Taxes.** Except as otherwise provided in this Instruction 12, the Company will pay any transfer taxes with respect to the transfer of Old Notes to it or its order pursuant to the Exchange Offer. If, however, New Notes are to be delivered to, or are to be issued in the name of, any person other than the registered Holder of the Old Notes tendered, or if a transfer tax is imposed for any reason other than the exchange of Old Notes in connection with the Exchange Offer, then the amount of any such transfer tax (whether imposed on the registered Holder or any other persons) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering Holder.

13. **Questions, Requests for Assistance and Additional Copies.** Questions and requests for assistance should be directed to the Exchange Agent at its address and telephone number set forth on the front of this Letter of Transmittal. Additional copies of the Prospectus, this Letter of Transmittal and requests for Notices of Guaranteed Delivery may be obtained from the Exchange Agent or from your brokers, dealers, commercial banks, trust companies or other nominees.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR FACSIMILE THEREOF), OR AGENT'S MESSAGE IN LIEU THEREOF, AND ALL OTHER REQUIRED DOCUMENTS MUST BE ACTUALLY RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE.

**Request for Taxpayer
Identification Number and Certification**

**Give form to the
requester. Do not
send to the IRS.**

Print or type See Specific Instructions on page 2	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) 4 - ----- <input type="checkbox"/> Other (see instructions) 4	<input type="checkbox"/> Exempt payee
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
	List account number(s) here (optional)	

Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
or
Employer identification number

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person 4	Date 4
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax or foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name” line.

Limited liability company (LLC). Check the “Limited liability company” box only and enter the appropriate code for the tax classification (“D” for disregarded entity, “C” for corporation, “P” for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7 ²

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester	
For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

- List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.
- Circle the minor's name and furnish the minor's SSN.
- You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.
- List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax

return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

NOTICE OF GUARANTEED DELIVERY**AMERICAN AIRLINES, INC.****OFFER TO EXCHANGE
ANY AND ALL OUTSTANDING****13.0% 2009-2 Secured Notes due 2016****for****a Like Principal Amount of Corresponding New Notes
Registered Under the Securities Act of 1933, as amended (the "Securities Act")**

This Notice of Guaranteed Delivery, or one substantially equivalent to this form, must be used to accept the Exchange Offer (as defined below) if (i) certificates for the Company's issued and outstanding 2009-2 Secured Notes due 2016 (the "Old Notes") to be tendered are not immediately available, (ii) the Old Notes, together with the Letter of Transmittal (or facsimile thereof), or an Agent's Message in lieu thereof, and all other required documents cannot be delivered to U.S. Bank National Association (the "Exchange Agent") on or prior to the Expiration Date, as defined below, or (iii) the procedure for book-entry transfer cannot be completed prior to the Expiration Date. This Notice of Guaranteed Delivery, or an appropriate Agent's Message with respect to guaranteed delivery in lieu thereof, may be delivered by hand, overnight courier or mail, or facsimile transmission, to the Exchange Agent. See "The Exchange Offer—Guaranteed Delivery Procedures" in the Prospectus. In addition, in order to utilize the guaranteed delivery procedure to tender Old Notes pursuant to the Exchange Offer, a completed, signed and dated Letter of Transmittal relating to the Old Notes (or facsimile thereof), or an appropriate Agent's Message in lieu thereof, must also be actually received by the Exchange Agent prior to the Expiration Date. Terms not defined herein have the meanings assigned to them in the Prospectus.

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT , NEW YORK CITY TIME, ON , 2009 (THE "EXPIRATION DATE") UNLESS THE OFFER IS EXTENDED, IN WHICH CASE "EXPIRATION DATE" MEANS THE LATEST DATE AND TIME TO WHICH THE EXCHANGE OFFER IS EXTENDED. TENDERS MAY BE WITHDRAWN PRIOR TO THE EXPIRATION DATE.

The Exchange Agent for the Exchange Offer is:

U.S. BANK NATIONAL ASSOCIATION

***Delivery by Registered
or Certified Mail, Hand Delivery
or Overnight Courier:***

U.S. Bank Corporate Trust
Attn: Lori Buckles — Specialized
Finance
60 Livingston Avenue
2nd Floor
St. Paul, MN 55107

***Facsimile Transmissions:
(Eligible Institutions Only)***

(651) 495-8158

***To Confirm by Telephone
or for Information Call:***

(651) 495-3520

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN THE ADDRESS OF THE EXCHANGE AGENT AS SET FORTH ABOVE OR TRANSMISSION OF THIS NOTICE OF GUARANTEED DELIVERY VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. DELIVERY WILL BE DEEMED MADE ONLY WHEN ALL REQUIRED DOCUMENTATION IS ACTUALLY RECEIVED BY THE EXCHANGE AGENT. DELIVERY OF DOCUMENTS OR INSTRUCTIONS TO THE DEPOSITORY TRUST COMPANY ("DTC") DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN ELIGIBLE INSTITUTION UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

Ladies and Gentlemen:

The undersigned hereby tenders to American Airlines, Inc. (the "Company"), upon the terms and subject to the conditions set forth in the Prospectus dated _____, 2009 (as the same may be amended or supplemented from time to time, the "Prospectus"), and the related Letter of Transmittal (which together constitute the "Exchange Offer"), receipt of which is hereby acknowledged, the aggregate principal amount of Old Notes set forth below pursuant to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer—Guaranteed Delivery Procedures."

Aggregate Principal Amount _____

Name(s) of Registered Holder(s): _____

Amount Tendered: \$ _____ *

Certificate No.(s) (if available): _____

\$ _____

(TOTAL PRINCIPAL AMOUNT REPRESENTED BY NOTES CERTIFICATE(S))

* Must be in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof.

If Old Notes will be tendered by book-entry transfer, provide the following information:

DTC Account Number: _____

Date: _____

All authority herein conferred or agreed to be conferred shall survive and shall not be affected by the death or incapacity of the undersigned, and every obligation of the undersigned hereunder shall be binding upon the heirs, executors, personal representatives, trustees in bankruptcy, legal representatives, successors and assigns of the undersigned.

PLEASE SIGN HERE

x _____

x _____

x _____

x _____

Signature(s) of Holder(s) or
Authorized Signatory

Date

Area Code and Telephone Number: _____

Must be signed by the Holder(s) of the Old Notes as their name(s) appear(s) on certificates for Old Notes or on a security position listing, or by person(s) authorized to become registered Holder(s) by endorsement and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian,

attorney-in-fact, officer or corporation or other person acting in a fiduciary or representative capacity, such person must so indicate when signing and set forth such person's full title below and, unless waived by the Company, submit proper evidence satisfactory to the Company of such person's authority to so act.

PLEASE PRINT NAME(S) AND ADDRESS(ES)

Name(s): _____

Capacity: _____

Address(es): _____

GUARANTEE OF DELIVERY
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm or other entity identified as an Eligible Institution in the Prospectus under "The Exchange Offer—Guaranteed Delivery Procedures" hereby guarantees to deliver to the Exchange Agent, at its address set forth above, either the Old Notes tendered hereby in proper form for transfer, or confirmation of the book-entry transfer of such Old Notes to the Exchange Agent's account at DTC, pursuant to the procedures for book-entry transfer set forth in the Prospectus under "The Exchange Offer—Guaranteed Delivery Procedures," in either case together with an appropriate Agent's Message, or a properly completed and duly executed Letter of Transmittal (or facsimile thereof), and all other required documents, within three New York Stock Exchange trading days after the Expiration Date.

The undersigned acknowledges that it must communicate the guarantee to the Exchange Agent and must deliver such Agent's Message or Letter of Transmittal (or facsimile thereof) in lieu thereof and the Old Notes tendered hereby to the Exchange Agent within the time period set forth above and that failure to do so could result in a financial loss to the undersigned.

Name of Firm	Authorized Signature
Address	Title
Zip Code	(Please Type or Print)

Area Code and Telephone Number _____ Date: _____

NOTE: DO NOT SEND CERTIFICATES FOR OLD NOTES WITH THIS FORM. CERTIFICATES FOR OLD NOTES SHOULD ONLY BE SENT WITH THE LETTER OF TRANSMITTAL.

LETTER TO NOMINEE
AMERICAN AIRLINES, INC.
OFFER TO EXCHANGE
ANY AND ALL OUTSTANDING
13.0% 2009-2 Secured Notes due 2016

for

a Like Principal Amount of Corresponding New Notes
Registered Under the Securities Act of 1933, as amended (the "Securities Act")

To: Registered Holders and the Depository Trust Company Participants:

Enclosed are the materials listed below relating to the offer by American Airlines, Inc. (the "Company"), to exchange its issued and outstanding 2009-2 Secured Notes Due 2016 (the "Old Notes") for a like principal amount of its 2009-2 Secured Notes Due 2016 (the "New Notes") which have been registered under the Securities Act, from the registered holders thereof (each, a "Holder" and, collectively, the "Holders"), upon the terms and subject to the conditions set forth in the Company's Prospectus, dated , 2009, and the related Letter of Transmittal (which together constitute the "Exchange Offer").

Enclosed herewith are copies of the following documents:

1. Prospectus, dated , 2009 (as the same may be amended or supplemented from time to time, the "Prospectus");
2. The Letter of Transmittal for your use and for the information of your clients;
3. A Form of Notice of Guaranteed Delivery to be used to accept the Exchange Offer if Old Notes are not immediately available, or time will not permit Old Notes to reach the Exchange Agent prior to the Expiration Date (as defined below), or the procedure for book-entry transfer cannot be completed prior to the Expiration Date;
4. An Instruction to the Registered Holder and/or Book-Entry Transfer Participant from Beneficial Owner; and
5. A form of Letter to Clients which may be sent to your clients for whose account you hold Old Notes registered in your name or the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer.

We urge you to contact your clients promptly. Please note that the Exchange Offer will expire at , New York City time, on , 2009 (the "Expiration Date"), unless the offer is extended, in which case "Expiration Date" means the latest date and time to which the Exchange Offer is extended.

The Exchange Offer is not conditioned upon any minimum or maximum aggregate principal amount of Old Notes being tendered.

Pursuant to the Letter of Transmittal, each Holder of Old Notes will represent to the Company that (i) any New Notes to be received by the Holder in exchange for Old Notes tendered thereby will be acquired in the ordinary course of its business, (ii) the Holder has no arrangements or understandings with any person to participate in the distribution of the notes within the meaning of the Securities Act, and (iii) the Holder is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Company or, if it is such an affiliate, the undersigned will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable. Each tendering Holder that is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, will represent to the Company that the Old Notes to be exchanged for the New Notes were acquired by it as a result of market-making activities or other trading activities, and acknowledges and represents that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes. By so acknowledging and representing, by delivering such a prospectus, such broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The enclosed Instruction to Registered Holder and/or Book-Entry Transfer Participant from Beneficial Owner contains an authorization by the beneficial owners of the Old Notes for you to make the foregoing representations.

The Company will not pay any fee or commission to any broker or dealer to any other persons (other than the Exchange Agent) in connection with the solicitation of tenders of Old Notes pursuant to the Exchange Offer. The Company will pay or cause to be paid any transfer taxes payable on the transfer of Old Notes to it, except as otherwise provided in Instruction 12 of the enclosed Letter of Transmittal.

Additional copies of the enclosed material may be obtained from the undersigned.

Any inquiries you may have with respect to Exchange Offer, or requests for additional copies of the enclosed materials, should be directed to U.S. Bank National Association, the Exchange Agent for the Exchange Offer, at its address and telephone number set forth on the front of the Letter of Transmittal.

Very truly yours,

AMERICAN AIRLINES, INC.

NOTHING HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF THE COMPANY OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF EITHER OF THEM WITH RESPECT TO THE EXCHANGE OFFER, EXCEPT FOR STATEMENTS EXPRESSLY MADE IN THE PROSPECTUS OR THE LETTER OF TRANSMITTAL.

Enclosures

LETTER TO CLIENTS
AMERICAN AIRLINES, INC.
OFFER TO EXCHANGE
ANY AND ALL OUTSTANDING
13.0% 2009-2 Secured Notes due 2016
for
a Like Principal Amount of Corresponding New Notes
Registered Under the Securities Act of 1933, as amended (the “Securities Act”)

THE EXCHANGE OFFER WILL EXPIRE AT , NEW YORK CITY TIME, ON , 2009 (THE “EXPIRATION DATE”), UNLESS EXTENDED, IN WHICH CASE “EXPIRATION DATE” MEANS THE LATEST DATE AND TIME TO WHICH THE EXCHANGE OFFER IS EXTENDED. OLD NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

To Our Clients:

We are enclosing with this letter a Prospectus, dated , 2009, of American Airlines, Inc. (the “Company”) and the related Letter of Transmittal. These two documents together constitute the Company’s offer (the “Exchange Offer”) to exchange its issued and outstanding 2009-2 Secured Notes Due 2016 (the “Old Notes”) for a like principal amount of its 2009-2 Secured Notes Due 2016 (the “New Notes”), which have been registered under the Securities Act, from the registered holders thereof (each, a “Holder” and, collectively, the “Holders”), upon the terms and subject to the conditions of the Exchange Offer. The Exchange Offer is not conditioned upon any minimum or maximum aggregate principal amount of Old Notes being tendered for exchange.

We are the Holder of record of Old Notes held by us for your own account. A tender of your Old Notes held by us can be made only by us as the registered Holder according to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Old Notes held by us for your account.

We request instructions as to whether you wish to tender any or all of the Old Notes held by us for your account upon the terms and subject to the conditions of the Exchange Offer. We also request that you confirm that we may, on your behalf, make the representations contained in the Letter of Transmittal.

Very truly yours,
AMERICAN AIRLINES, INC.

**INSTRUCTION TO REGISTERED HOLDER AND/OR DTC
PARTICIPANT FROM BENEFICIAL OWNER
OF
AMERICAN AIRLINES, INC.
2009-2 Secured Notes Due 2016
(the "Old Notes")**

To Registered Holder and/or Participant of the Depository Trust Company ("DTC"):

The undersigned hereby acknowledges receipt and review of the Prospectus, dated _____, 2009, (as the same may be amended or supplemented from time to time, the "Prospectus") of American Airlines, Inc. (the "Company") and the related Letter of Transmittal. These two documents together constitute the Company's offer (the "Exchange Offer").

This will instruct you, the registered holder and/or DTC participant, as to the action to be taken by you relating to Exchange Offer for the Old Notes held by you for the account of the undersigned.

The aggregate principal amount of the Old Notes held by you for the account of the undersigned is (fill in amount):

\$ _____ of the Old Notes

With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

To TENDER all Old Notes held by you for the account of the undersigned.

To TENDER the following amount of Old Notes held by you for the account of the undersigned (insert aggregate principal amount of Old Notes to be tendered, if any):

\$ _____ of the Old Notes

NOT to TENDER any Old Notes held by you for the account of the undersigned.

IF NO BOX IS CHECKED, A SIGNED AND RETURNED COPY OF THIS INSTRUCTION TO THE REGISTERED HOLDER AND/OR DTC PARTICIPANT WILL BE DEEMED TO INSTRUCT YOU TO TENDER ALL OLD NOTES HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.

If the undersigned instructs you to tender any Old Notes held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner, including, but not limited to, the representations that:

- any New Notes to be received by the undersigned will be acquired in the ordinary course of its business;
- the undersigned has no arrangements or understandings with any person to participate in the distribution of the notes within the meaning of the Securities Act;
- the undersigned is not an “affiliate” as defined in Rule 405 under the Securities Act of the Company or, if it is such an affiliate, the undersigned will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable; and
- the undersigned is not acting on behalf of any person who could not truthfully make the foregoing representations or any other representations or warranties included in the Letter of Transmittal.

If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, it represents that the Old Notes to be exchanged for the New Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus meeting the requirements of the Securities Act, the undersigned will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

SIGN HERE

Name of beneficial owner(s): _____

Signature(s): _____

Name(s) (please print): _____

Address: _____

Telephone Number: _____

Taxpayer Identification or Social Security Number: _____

Date: _____