

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [Fee Required] For fiscal year ended December 31, 1997.

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]

Commission file number 1-8400.

AMR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

75-1825172

(State or other jurisdiction of incorporation or organization)

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

4333 Amon Carter Blvd.
Fort Worth, Texas

76155

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (817) 963-1234

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

Title of each class	Name of exchange on which registered
Common stock, \$1 par value per share	New York Stock Exchange
8.10% Notes due 1998	New York Stock Exchange
9.00% Debentures due 2016	New York Stock Exchange

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

NONE

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 9, 1998, was approximately \$12,615,837,217. As of March 9, 1998, 91,171,362 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference certain information from the Proxy Statement for the Annual Meeting of Stockholders to be held May 20, 1998.

ITEM 1. BUSINESS

AMR Corporation (AMR or the Company) was incorporated in October 1982. AMR's principal subsidiary, American Airlines, Inc. (American), was founded in 1934. For financial reporting purposes, AMR's operations fall within three major lines of business: the Airline Group, The SABRE Group and the Management Services Group.

AIRLINE GROUP

The Airline Group consists primarily of American's Passenger and Cargo divisions and AMR Eagle Holding Corporation, a separate subsidiary of AMR.

AMERICAN'S PASSENGER DIVISION is one of the largest scheduled passenger airlines in the world. At the end of 1997, American provided scheduled jet service to more than 165 destinations throughout North America, the Caribbean, Latin America, Europe and the Pacific.

AMERICAN'S CARGO DIVISION is one of the largest scheduled air freight carriers in the world. It provides a full range of freight and mail services to shippers throughout the airline's system. In addition, through cooperative agreements with other carriers, it has the ability to transport shipments to virtually any country in the world.

AMR EAGLE HOLDING CORPORATION (AMR EAGLE) owns the four regional airlines which operate as "American Eagle" -- Executive Airlines, Inc., Flagship Airlines, Inc., Simmons Airlines, Inc. and Wings West Airlines, Inc. The American Eagle carriers provide connecting service from six of American's high-traffic cities to smaller markets throughout the United States, Canada, the Bahamas and the Caribbean.

In January 1998, AMR Eagle Holding Corporation announced plans to merge the four regional airlines into a single carrier - "American Eagle Airlines, Inc." The transaction will occur in phases beginning in May 1998 and is expected to be complete by the end of 1998.

THE SABRE GROUP

The SABRE Group is a world leader in the electronic distribution of travel through its proprietary travel reservation and information system, SABRE(R), and is the largest electronic distributor of travel in North America. In addition, The SABRE Group is a leading provider of information technology solutions to the travel and transportation industry and fulfills substantially all of the data processing, network and distributed systems needs of American and AMR's other subsidiaries, Canadian Airlines International Limited and other customers.

REORGANIZATION AMR formed The SABRE Group in 1993 to capitalize on the synergies of combining its information technology businesses under common management. Pursuant to a reorganization consummated on July 2, 1996 (the Reorganization), The SABRE Group Holdings, Inc. (a holding company incorporated on June 25, 1996 and a subsidiary of AMR) became the successor to the businesses of The SABRE Group which were formerly operated as divisions or subsidiaries of American or AMR. All references herein to "The SABRE Group" include The SABRE Group Holdings, Inc. and its consolidated subsidiaries and, for any period prior to the Reorganization, the businesses of AMR and American constituting The SABRE Group. On October 17, 1996, The SABRE Group completed an initial public offering of 23,230,000 shares of its Class A Common Stock constituting approximately 17.8 percent of its economic interest. AMR retained all of The SABRE Group's Class B common stock, representing approximately 82.2 percent of the economic interest and 97.9 percent of the combined voting power of all classes of voting stock of The SABRE Group.

ELECTRONIC TRAVEL DISTRIBUTION SABRE and other global distribution systems are the principal means of air travel distribution in the United States and a growing means of air travel distribution internationally. Through SABRE, travel agencies, corporate travel departments and individual consumers can access information on - and book reservations with - airlines and other providers of travel and travel-related products and services. As of December 31, 1997, travel agencies with more than 30,000 locations in over 70 countries on six continents subscribed to SABRE. SABRE subscribers are able to make reservations with more than 400 airlines, more than

50 car rental companies and more than 200 hotel companies covering approximately 39,000 hotel properties worldwide.

During 1997, more airline bookings in North America were made through SABRE than through any other global distribution system. The SABRE Group is actively involved in marketing SABRE internationally either directly or through joint venture or distributorship arrangements. The SABRE Group's global marketing partners principally include foreign airlines that have strong relationships with travel agents in such airlines' primary markets and entities that operate smaller global distribution systems or other travel-related network services. In 1997, approximately 67.3 percent of The SABRE Group's revenue was generated by the electronic distribution of travel, primarily through booking fees paid by associates.

In February 1998, The SABRE Group signed long-term agreements with ABACUS International Holdings Ltd. which created a Singapore-based joint venture company to manage travel distribution in the Asia-Pacific region. The SABRE Group owns 35 percent of the joint venture company, called ABACUS International Ltd., and provides it with transaction processing on the SABRE computer reservations system.

INFORMATION TECHNOLOGY SOLUTIONS The SABRE Group is a leading provider of solutions to the travel and transportation industry. The SABRE Group employs its airline technology expertise to offer technology solutions to other industries that face similar complex operations issues, including the airport, railroad, logistics and hospitality industries. The solutions offered by The SABRE Group include software development and product sales, transactions processing and consulting, as well as comprehensive information technology outsourcing, which bundles traditional data center, network and distributed systems management with industry-specific software applications and custom development. In addition, pursuant to information technology services agreements, The SABRE Group provides substantially all of the data processing, network and distributed systems needs of American and AMR's other subsidiaries, Canadian Airlines International Limited and other customers. In 1997, approximately 32.7 percent of The SABRE Group's revenue was generated by the provision of information technology solutions.

In January 1998, The SABRE Group completed the execution of a 25 year, multi-billion dollar technology agreement with US Airways, Inc. to provide substantially all of US Airways' information technology services. The agreement covers the management and operation of US Airways' systems and information technology services, including the migration or conversion of US Airways' legacy systems to The SABRE Group systems by mid-1999.

MANAGEMENT SERVICES GROUP

The Management Services Group consists of four direct or indirect subsidiaries of AMR -- AMR Global Services Corporation, Americas Ground Services, Inc. (AGS), AMR Investment Services, Inc. and Airline Management Services, Inc. (AMS).

AMR GLOBAL SERVICES CORPORATION manages five operating units: AMR Services (formerly known as AMR Airline Services), AMR Combs, AMR Global Logistics, TeleService Resources (TSR) and the AMR Training Group. AMR Services provides a full range of aviation services, including ramp, passenger and cargo handling services, as well as aircraft and equipment maintenance, fueling, general sales representation, flight dispatch and management services for more than 200 airlines and airport authorities at approximately 65 locations throughout North America, Europe and Asia. AMR Combs, the executive aviation services division of AMR Global Services, is a premier corporate aviation services network of 14 facilities in major business centers in the United States, Mexico and Asia. AMR Global Logistics serves the logistics marketplace and specializes in logistics management, contract warehousing, trucking and multi-modal freight forwarding services. TSR provides comprehensive call center management services including inbound and outbound telemarketing, as well as reservation services for certain air carriers and a wide range of non-airline Fortune 500 clients. The AMR Training Group operates the American Airlines Training & Conference Center and provides a wide variety of training services to American and a number of other corporate clients.

AGS provides airline ground and cabin service handling at 10 locations in seven countries in the Caribbean and Central and South America.

AMR INVESTMENT SERVICES, INC. serves as an investment advisor to AMR and other institutional investors. It also manages the American AAdvantage Funds, which have both institutional shareholders -- including pension funds, financial advisors, corporations and banks -- and individual shareholders. As of December 31, 1997, AMR Investment Services was responsible for management of approximately \$18.4 billion in assets, including direct management of approximately \$6 billion in short-term investments.

AMS was formed in 1994 to manage the Company's service contracts with other airlines such as the agreement to provide a variety of management, technical and administrative services to Canadian Airlines International Limited which the Company signed in 1994.

Additional information regarding business segments is included in Management's Discussion and Analysis on pages 17 through 32 and in Note 16 to the consolidated financial statements.

COMPETITION

AIR TRANSPORTATION Most major air carriers have developed hub-and-spoke systems and schedule patterns in an effort to maximize the revenue potential of their service. American operates four hubs: Dallas/Fort Worth, Chicago O'Hare, Miami and San Juan, Puerto Rico. In 1995, American implemented schedule reductions which ended the airline's hub operations at Raleigh/Durham and Nashville. Delta Air Lines and United Airlines have hub operations at Dallas/Fort Worth and Chicago O'Hare, respectively.

The AMR Eagle carriers increase the number of markets the Airline Group serves by providing connections to American at American's hubs and certain other major airports. The AMR Eagle carriers serve smaller markets through Dallas/Fort Worth, Chicago, Miami, San Juan, Los Angeles and New York's John F. Kennedy International Airport. American's competitors also own or have marketing agreements with regional carriers which provide similar services at their major hubs.

In addition to its extensive domestic service, American provides international service to the Caribbean, Canada, Latin America, Europe and the Pacific. American's operating revenues from foreign operations were approximately \$5.1 billion in 1997 and \$4.7 billion in 1996 and 1995. Additional information about the Company's foreign operations is included in Note 15 to the consolidated financial statements.

Service over almost all of American's routes is highly competitive. Currently, any carrier deemed fit by the U.S. Department of Transportation (DOT) is free to operate scheduled passenger service between any two points within the U.S. and its possessions. On most of its non-stop routes, American competes with at least one, and usually more than one, major domestic airline including: America West Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, and US Airways. Competition is even greater between cities that require a connection, where as many as eight airlines may compete via their respective hubs. American also competes with national, regional, all-cargo, and charter carriers and, particularly on shorter segments, ground transportation.

On all of its routes, pricing decisions are affected by competition from other airlines, some of which have cost structures significantly lower than American's and can therefore operate profitably at lower fare levels. As of December 31, 1997, approximately 47 percent of American's bookings were impacted by competition from lower-cost carriers. American and its principal competitors use inventory management systems that permit them to vary the number of discount seats offered on each flight in an effort to maximize revenues, yet still be price competitive with lower-cost carriers.

Competition in many international markets is subject to extensive government regulation. In these markets, American competes with foreign investor-owned carriers, state-owned airlines and U.S. carriers that have been granted authority to provide scheduled passenger and cargo service between the U.S. and various overseas locations. American's operating authority in these markets is subject to aviation agreements between the U.S. and the respective countries, and in some cases, fares and schedules require the approval of the DOT and the relevant foreign governments. Because international air transportation is governed by bilateral or other agreements between the U.S. and the foreign country or countries involved, changes in U.S. or foreign government aviation policy could result in the alteration or termination of such agreements, diminish the value of

such route authorities, or otherwise adversely affect American's international operations. Bilateral agreements between the U.S. and various foreign countries served by American are subject to frequent renegotiation.

The major U.S. carriers have some advantage over foreign competitors in their ability to generate traffic from their extensive domestic route systems. In many cases, however, U.S. carriers are limited in their rights to carry passengers beyond designated gateway cities in foreign countries. Some of American's foreign competitors are owned and subsidized by foreign governments. To improve their access to each others' markets, various U.S. and foreign carriers -- including American -- have established marketing relationships with other carriers. American currently has code-sharing programs with Aero California, Aspen Mountain Air, British Midland, Business Express, Canadian Airlines International Limited, China Airlines, Gulf Air, Hawaiian Airlines, LOT Polish Airlines, Qantas Airways, Singapore Airlines, South African Airways and the TAM Group. In addition, American plans to implement code-share alliances with other international carriers, including Air Liberte, Asiana Airlines, China Eastern Airlines, Iberia, Lan Chile, Philippine Airlines and the TACA Group, pending regulatory approval. The Company has also agreed to acquire a minority equity interest, pending regulatory approval by the Department of Justice, in the Argentine holding company Interinvest, S.A. which owns a controlling interest in the Argentine carriers Aerolineas Argentinas and Austral Lineas Aereas. In the coming years, the Company expects to develop these code-sharing programs further and to evaluate new alliances with other international carriers.

In February 1998, the Company announced its plans to finalize an alliance between American and Japan Airlines (JAL). Subject to regulatory approval of the U.S. Department of Transportation and Japan's Ministry of Transport, the two carriers will introduce extensive code sharing across each other's networks. The two carriers already have in place full reciprocity between their frequent flyer programs and an extensive cooperation agreement in air cargo. In addition, The SABRE Group has a computerized reservation system joint venture with JAL.

Furthermore, in June 1996, the Company announced its plans to create a worldwide alliance between American and British Airways Plc. Subject to regulatory approval, which is still pending, the two carriers will introduce extensive code sharing across each other's networks. Additionally, the carriers will combine their passenger and cargo activities between the United States and Europe and will share the resulting profits on these services. During 1997, a frequent flyer program was introduced between the two carriers.

The Airline Group believes that it has several advantages relative to its competition. Its fleet is efficient and quiet and is one of the youngest fleets in the U.S. airline industry. It has a comprehensive domestic and international route structure, anchored by efficient hubs, which permit it to take full advantage of whatever traffic growth occurs. The Company believes American's AAdvantage frequent flyer program, which is the largest program in the industry, and its superior service also give it a competitive advantage.

ELECTRONIC TRAVEL DISTRIBUTION The SABRE Group competes in electronic travel distribution primarily against other large and well-established global distribution systems. SABRE's principal competitors in marketing to travel agents include Amadeus/System One, Galileo/Apollo and Worldspan. Each of these competitors offers many products and services substantially similar to those of The SABRE Group.

Although certain barriers exist for any new provider of electronic commerce -- barriers such as the need for significant capital investment to acquire or develop the hardware, software and network facilities necessary to operate a global distribution system -- The SABRE Group is faced with the potential of new competitors, particularly as new channels for travel distribution develop.

The global market to attract and retain agency subscribers is intensely competitive. Factors affecting competitive success of global distribution systems include depth and breadth of information, ease of use, reliability, service and incentives to travel agents and range of products available to travel providers, travel agents and consumers.

Although distribution through travel agents continues to be the primary method of travel distribution, new channels of direct distribution to businesses, consumers and airlines through computer on-line services, the Internet and private networks, are developing rapidly. The deployment and adoption of these tools is currently quite low. That pace of adoption, however, is expected to accelerate. The SABRE Group believes that it has

positioned its SABRE BTS(TM), Travelocity(sm) and easySABRE(R) products to effectively compete in these emerging distribution channels.

INFORMATION TECHNOLOGY SOLUTIONS The SABRE Group competes both against solutions companies and full-service providers of technology outsourcing, some of which have considerably greater financial resources than The SABRE Group, and against smaller companies that offer a limited range of products. Among The SABRE Group's full-service competitors are Electronic Data Systems, IBM Global Services, Unisys, Andersen Consulting and Lufthansa Systems. Some of these competitors have formed strategic alliances with large companies in the travel industry, and The SABRE Group's access to these potential customers is thus limited. The SABRE Group believes that its competitive position in the travel industry is enhanced by its experience in developing systems for American and other airlines, and by its ability to offer not only software applications but also systems development, integration and maintenance and transactions processing services.

MANAGEMENT SERVICES GROUP The Management Services Group competes in a broad variety of service industries against numerous other companies. Many of these companies are small, privately owned businesses; however, some are larger, publicly held companies. The basis for competition in each industry in which the Management Services Group companies participate is both price and service quality.

REGULATION

GENERAL The Airline Deregulation Act of 1978, as amended, eliminated most domestic economic regulation of passenger and freight transportation. However, the DOT and the Federal Aviation Administration (FAA) still exercise certain regulatory authority over air carriers under the Federal Aviation Act of 1958, as amended. The DOT maintains jurisdiction over international route authorities and certain consumer protection matters, such as advertising, denied boarding compensation, baggage liability and computer reservations systems.

The FAA regulates flying operations generally, including establishing personnel, aircraft and security standards. In addition, the FAA has implemented a number of requirements that American is incorporating into its maintenance program. These matters relate to, among other things, inspection and maintenance of aging aircraft, corrosion control and the installation of upgraded digital flight data recorders, enhanced ground proximity warning systems and cargo compartment smoke detection and fire suppression systems. Based on its current implementation schedule, American expects to be in compliance with the applicable requirements within the required time periods.

The U.S. Department of Justice has jurisdiction over airline antitrust matters. The U.S. Postal Service has jurisdiction over certain aspects of the transportation of mail and related services. Labor relations in the air transportation industry are regulated under the Railway Labor Act, which vests in the National Mediation Board certain regulatory functions with respect to disputes between airlines and labor unions relating to union representation and relating to collective bargaining agreements. To the extent American continues to increase its alliances with international carriers, American may be subject to certain regulations of foreign agencies.

Several items of legislation have been introduced in the Congress that would, if enacted; (i) authorize the withdrawal of slots from major carriers -- including American -- at key airports for redistribution to new entrants and smaller carriers and/or (ii) provide financial assistance, in the form of guarantees and/or subsidized loans, to smaller carriers for aircraft purchases. In addition, the Departments of Justice and Transportation are investigating competition at major hub airports. The outcomes of the proposed legislation and the investigations are unknown. However, to the extent that (i) slots are taken from American at key airports, (ii) restrictions are imposed upon American's ability to respond to a competitor, or (iii) competitors have a financial advantage in the purchase of aircraft because of federal assistance, American's business may be adversely impacted.

AIRLINE FARES Airlines are permitted to establish their own domestic fares without governmental regulation, and the industry is characterized by substantial price competition. The DOT maintains authority over international fares, rates and charges. International fares and rates are also subject to the jurisdiction of the governments of the foreign countries which American serves. While air carriers are required to file and adhere to international fare and rate tariffs, many international markets are characterized by substantial commissions, overrides, and discounts to travel agents, brokers and wholesalers.

Fare discounting by competitors has historically had a negative effect on the Airline Group's financial results because the Airline Group is generally required to match competitors' fares to maintain passenger traffic. During recent years, a number of new low-cost airlines have entered the domestic market and several major airlines have begun to implement efforts to lower their cost structures. Further fare reductions, domestic and international, may occur in the future. If fare reductions are not offset by increases in passenger traffic or changes in the mix of traffic that improves yields, the Airline Group's operating results will be negatively impacted.

AIRPORT ACCESS In 1968, the FAA issued a rule designating New York John F. Kennedy, New York LaGuardia, Washington National, Chicago O'Hare and Newark airports as high density traffic airports. Newark was subsequently removed from the high density airport classification. The rule adopted hourly take-off and landing slot allocations for each of these airports. Currently, the FAA permits the purchasing, selling, leasing and trading of these slots by airlines and others, subject to certain restrictions. Most foreign airports, including London Heathrow, a major European destination for American, also have slot allocations. Most foreign authorities do not permit the purchasing, selling or leasing of slots.

The Airline Group currently has sufficient slot authorizations to operate its existing flights and has generally been able to obtain slots to expand its operations and change its schedules. However, there is no assurance that American will be able to obtain slots for these purposes in the future because, among other factors, slot allocations are subject to changes in government policies.

ENVIRONMENTAL MATTERS The Company is subject to various laws and government regulations concerning environmental matters and employee safety and health in the U.S. and other countries. U.S. federal laws that have a particular impact on the Company include the Airport Noise and Capacity Act of 1990 (ANCA), the Clean Air Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or the Superfund Act). The Company is also subject to the oversight of the Occupational Safety and Health Administration (OSHA) concerning employee safety and health matters. The U.S. Environmental Protection Agency (EPA), OSHA, and other federal agencies have been authorized to promulgate regulations that have an impact on the Company's operations. In addition to these federal activities, various states have been delegated certain authorities under the aforementioned federal statutes. Many state and local governments have adopted environmental and employee safety and health laws and regulations, some of which are similar to federal requirements. As a part of its continuing safety, health and environmental program, the Company has maintained compliance with such requirements without any material adverse effect on its business.

For purposes of noise standards, jet aircraft are rated by categories or "stages." The ANCA requires the phase-out by December 31, 1999, of Stage II aircraft operations, subject to certain exceptions. Under final regulations issued by the FAA in 1991, air carriers are required to reduce, by modification or retirement, the number of Stage II aircraft in their fleets 50 percent by December 31, 1996; 75 percent by December 31, 1998; and 100 percent by December 31, 1999. Alternatively, a carrier may satisfy the regulations by operating a fleet that is at least 65 percent, 75 percent, and 100 percent Stage III by the dates set forth in the preceding sentence, respectively. At December 31, 1997, approximately 88 percent of American's active fleet was Stage III, the quietest and most fuel efficient rating category.

The ANCA recognizes the rights of airport operators with noise problems to implement local noise abatement programs so long as they do not interfere unreasonably with interstate or foreign commerce or the national air transportation system. Authorities in several cities have promulgated aircraft noise reduction programs, including the imposition of night-time curfews. The ANCA generally requires FAA approval of local noise restrictions on Stage III aircraft first effective after October 1990, and establishes a regulatory notice and review process for local restrictions on Stage II aircraft first proposed after October 1990. While American has had sufficient scheduling flexibility to accommodate local noise restrictions imposed to date, American's operations could be adversely affected if locally-imposed regulations become more restrictive or widespread.

American has been identified by the EPA as a potentially responsible party (PRP) at the Operating Industries, Inc. Superfund Site in California. American has signed a partial consent decree with respect to this site and is one of several PRPs named. American's alleged waste disposal volumes are minor compared to the other PRPs. American has also been identified as a PRP at the Beede Waste Oil Superfund Site in New

Hampshire. American has responded to a 104(e) Request for Information regarding interaction with several companies related to this Site.

American, along with most other tenants at the San Francisco International Airport, has been ordered by the California Regional Water Quality Control Board to engage in various studies of potential environmental contamination at the airport and to undertake remedial measures, if necessary.

The Miami International Airport Authority is currently remediating various environmental conditions at the Miami International Airport (the Airport) and funding the remediation costs through landing fee revenues. Future costs of the remediation effort may be borne by carriers operating at the Airport, including American, through increased landing fees and/or other charges since certain of the PRPs are no longer in business. The future increase in landing fees and/or other charges may be material but cannot be reasonably estimated due to various factors, including the unknown extent of the remedial actions that may be required, the proportion of the cost that will ultimately be recovered from the responsible parties, and uncertainties regarding the environmental agencies that will ultimately supervise the remedial activities and the nature of that supervision.

American and AMR Eagle, along with other tenants at the Luis Munoz Marin International Airport in San Juan, Puerto Rico have been named as PRPs for environmental claims at the airport.

AMR Combs Memphis, an AMR Services subsidiary, has been named a PRP at an EPA Superfund Site in West Memphis, Arkansas. AMR Combs Memphis' alleged involvement in the site is minor relative to the other PRPs.

Flagship Airlines, Inc., an AMR Eagle subsidiary, has been notified of its potential liability under New York law at an inactive hazardous waste site in Poughkeepsie, New York.

AMR does not expect these matters, individually or collectively, to have a material impact on its financial position or liquidity.

GLOBAL DISTRIBUTION SYSTEMS Regulations promulgated by the DOT govern the relationship of SABRE with airlines and travel agencies. Specifically, these regulations govern the relationships of global distribution systems doing business in the United States which are offered by an airline or an airline affiliate (Airline-Affiliated Systems) with airlines doing business in the United States that own five percent or more of a global distribution system and with travel agencies. The current form of these regulations was adopted in 1992 and will expire on March 31, 1999.

One of the principal requirements of the U.S. Regulations is that displays of airline services by global distribution systems such as SABRE must be nondiscriminatory. This means that the global distribution system may not use carrier identity in ordering the display of services or in building connecting flights. Travel agencies, however, may utilize software to override the neutral displays of an Airline-Affiliated System. Airline-Affiliated Systems are required to charge the same fees to all air carriers for the same level of service, to update information for all air carriers with the same degree of care and timeliness and to provide, on request, detailed bills. Any product features offered to one or more air carriers must be offered to all other air carriers on nondiscriminatory terms.

The SABRE Group also has operations subject to regulations in Australia, Canada and the European Union. The overall approach of the regulations for global distribution systems in each of these three jurisdictions is similar to that of the United States. In each of these jurisdictions, rules require nondiscriminatory displays of airline services and nondiscriminatory booking fees, and forbid airlines affiliated with global distribution systems such as SABRE from linking travel agency commissions to the use of a particular system. Further, these rules to varying extents forbid airlines affiliated with global distribution systems from discriminating against competing systems with respect to the data that they furnish.

LABOR

The airline business is labor intensive. Approximately 80 percent of AMR's employees work in the Airline Group. Wages, salaries and benefits represented approximately 38 percent of AMR's consolidated operating expenses for the year ended December 31, 1997.

The majority of American's employees are represented by labor unions and covered by collective bargaining agreements. American's relations with such labor organizations are governed by the Railway Labor Act. Under this act, the collective bargaining agreements among American and these organizations do not expire but instead become amendable as of a stated date. If either party wishes to modify the terms of any such agreement, it must notify the other party before the contract becomes amendable. After receipt of such notice, the parties must meet for direct negotiations, and if no agreement is reached, either party may request the National Mediation Board (NMB) to appoint a federal mediator. If no agreement is reached in mediation, the NMB may determine, at any time, that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to arbitration. If arbitration is rejected, a 30-day "cooling-off" period commences, following which the labor organization may strike and the airline may resort to "self-help," including the imposition of its proposed amendments and the hiring of replacement workers.

In 1995, American reached agreements with the members of the Association of Professional Flight Attendants (APFA) and the Transport Workers Union (TWU) on their labor contracts. American's collective bargaining agreements with the APFA and the TWU become amendable on November 1, 1998 and March 1, 2001, respectively.

American's collective bargaining agreement with the Allied Pilots Association (APA) became amendable on August 31, 1994. On September 2, 1996, American and the APA reached a tentative agreement on a new labor contract. The tentative agreement was approved by the APA Board of Directors and sent out for membership ratification, but subsequently rejected by the APA membership. On January 10, 1997, the NMB proffered binding arbitration to the APA and American. American agreed to arbitration but because the APA did not also agree, the proffer was rejected and on January 15, 1997, the APA and American were notified (i) that the NMB was terminating its services and (ii) that beginning February 15, 1997, either party could resort to self-help remedies, including a strike by the members of the APA. On February 15, 1997, the APA did initiate a strike against American but immediately thereafter President Clinton intervened and appointed a Presidential Emergency Board (PEB), pursuant to his authority under the Railway Labor Act. The effect of President Clinton's actions was to stop the strike and begin a process during which the PEB reviewed the positions advocated by both parties. On March 17, 1997, American and the APA reached a second tentative agreement on a new contract. The tentative agreement was ratified by the APA membership on May 5, 1997. The new contract becomes amendable August 31, 2001. Among other provisions, the agreement granted pilots options to buy 5.75 million shares of AMR stock at \$83.375, \$10 less than the average fair market value of the stock on the date of grant, May 5, 1997. The options became immediately exercisable on the date the new contract was ratified.

The Air Line Pilots Association (ALPA), which represents AMR Eagle pilots, reached agreement with AMR Eagle effective September 1, 1997, to have all of the pilots of the four Eagle carriers covered by a single collective bargaining agreement. This agreement lasts until October 31, 2013. The parties have the right to seek limited changes in 2000, 2004, 2008 and 2012. If the parties are unable to agree on the limited changes, they also agreed that the issues would be resolved by interest arbitration, without the exercise of self-help (such as a strike). The Association of Flight Attendants (AFA), which represents the flight attendants of the four Eagle carriers, reached agreement with AMR Eagle effective March 2, 1998, to have all flight attendants of the four AMR Eagle carriers covered by a single contract. The agreement becomes amendable on March 2, 2002. The other union employees at the AMR Eagle carriers are covered by separate agreements with the Transport Workers' Union (TWU); certain of those agreements are currently in negotiation.

As of December 31, 1997, The SABRE Group had approximately 8,500 full-time employees. The SABRE Group considers its current employee relations to be good. None of The SABRE Group employees based in the United States are represented by a labor union.

FUEL

The Airline Group's operations are significantly affected by the availability and price of jet fuel. American's fuel costs and consumption for the years 1993 through 1997 were:

Year	Gallons Consumed (in millions)	Total Cost (in millions)	Average Price Per Gallon (in cents)	Average Price Per Gallon, Excluding Fuel Tax (in cents)	Percent of AMR's Operating Expenses
1993	2,939	1,818	61.8	59.1	12.0
1994	2,741	1,556	56.7	54.2	10.3
1995	2,749	1,565	56.9	53.8	9.8
1996	2,734	1,866	68.2	63.3	11.7
1997	2,773	1,860	67.1	62.1	11.2

Based upon American's 1997 fuel consumption, a one cent rise in the average annual price-per-gallon of jet fuel would increase American's monthly fuel costs by approximately \$2.3 million, not considering the offsetting effect of American's fuel cost hedging program.

The impact of fuel price changes on the Company's competitors is dependent upon various factors, including hedging strategies. However, lower fuel prices may be offset by increased fare competition and lower revenues for all air carriers. Conversely, there can be no assurance that American will be able to pass fuel cost increases on to its customers by increasing fares in the future.

While American does not anticipate a significant reduction in fuel availability, dependency on foreign imports of crude oil 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 were major reductions in the availability of jet fuel, American's business would be adversely affected.

FREQUENT FLYER PROGRAM

American established the AAdvantage frequent flyer program (AAdvantage) to develop passenger loyalty by offering awards to travelers for their continued patronage. AAdvantage members earn mileage credits for flights on American, American Eagle and certain other participating airlines, or by utilizing services of other program participants, including hotels, car rental companies and bank credit card issuers. American sells mileage credits and related services to the other companies participating in the program. American reserves the right to change the AAdvantage program rules, regulations, travel awards and special offers at any time without notice. American may initiate changes impacting, for example, participant affiliations, rules for earning mileage credit, mileage levels and awards, blackout dates and limited seating for travel awards, and the features of special offers. American reserves the right to end the AAdvantage program with six months notice.

Mileage credits can be redeemed for free, discounted or upgraded travel on American, American Eagle or participating airlines, or for other travel industry awards. Once a member accrues sufficient mileage for an award, the member may request an award certificate from American. Award certificates may be redeemed up to one year after issuance. Most travel awards are subject to blackout dates and capacity controlled seating. All miles earned after July 1989 must be redeemed within three years or they expire.

American accounts for its frequent flyer obligation on an accrual basis using the incremental cost method. American's frequent flyer liability is accrued each time a member accumulates sufficient mileage in his or her account to claim the lowest level of free travel award (25,000 miles) and such award is expected to be used for free travel. American includes fuel, food, and reservations/ticketing costs, but not a contribution to overhead or profit, in the calculation of incremental cost. The cost for fuel is estimated based on total fuel consumption tracked by various categories of markets, with an amount allocated to each passenger. Food costs are tracked by market category, with an amount allocated to each passenger. Reservation/ticketing costs are based on the total number of passengers, including those traveling on free awards, divided into American's total expense for these costs. American defers the portion of revenues received from companies participating in the AAdvantage program related to the sale of mileage credits and recognizes such revenues over a period approximating the period during which the mileage credits are used.

At December 31, 1997 and 1996, American estimated that approximately 5.6 million and 5.3 million free travel awards, respectively, were eligible for redemption. At December 31, 1997 and 1996, American estimated that approximately 4.8 million and 4.5 million free travel awards, respectively, were expected to be redeemed for free travel. In making this estimate, American has excluded mileage in inactive accounts, mileage related to accounts that has not yet reached the lowest level of free travel award, and mileage in active accounts that has reached the lowest level of free travel award but which is not expected to ever be redeemed for free travel. The liability for the program mileage that has reached the lowest level of free travel award and is expected to be redeemed for free travel and deferred revenues for mileage credits sold to others participating in the program was \$628 million and \$469 million, representing 11.2 percent and 8.4 percent of AMR's total current liabilities at December 31, 1997 and 1996, respectively.

The number of free travel awards used for travel on American during the years ended December 31, 1997, 1996 and 1995, was approximately 2.2 million each year, representing 8.6 percent of total revenue passenger miles at December 31, 1997 and 8.4 percent at December 31, 1996 and 1995. American believes displacement of revenue passengers is minimal given American's load factors, its ability to manage frequent flyer seat inventory, and the relatively low ratio of free award usage to revenue passenger miles.

OTHER MATTERS

SEASONALITY AND OTHER FACTORS The Airline Group's results of operations for any interim period are not necessarily indicative of those for the entire year, since the air transportation business is subject to seasonal fluctuations. Higher demand for air travel has traditionally resulted in more favorable operating results for the second and third quarters of the year than for the first and fourth quarters.

The results of operations in the air transportation business have also significantly fluctuated in the past in response to general economic conditions. In addition, fare initiatives, fluctuations in fuel prices, labor actions and other factors could impact this seasonal pattern. Unaudited quarterly financial data for the two-year period ended December 31, 1997, is included in Note 17 to the consolidated financial statements.

No material part of the business of AMR and its subsidiaries is dependent upon a single customer or very few customers. Consequently, the loss of the Company's largest few customers would not have a materially adverse effect upon AMR.

INSURANCE American carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to its aircraft, in amounts which, in the opinion of management, are adequate.

OTHER GOVERNMENT MATTERS In time of war or during an unlimited national emergency or civil defense emergency, American and other major air carriers may be required to provide airlift services to the Military Airlift Command under the Civil Reserve Air Fleet program.

ITEM 2. PROPERTIES

FLIGHT EQUIPMENT

Owned and leased aircraft operated by AMR's subsidiaries at December 31, 1997, included:

Equipment Type	Current Seating Capacity	Owned	Leased	Capital Leased	Operating Total	Weighted-Average Age (Years)
JET AIRCRAFT						
Airbus A300-600R	192/266/267	10	-	25	35	8
Boeing 727-200	150	65	14	-	79	21
Boeing 757-200	188	50	9	31	90	6
Boeing 767-200	172	8	-	-	8	15
Boeing 767-200 Extended Range	165	9	13	-	22	12
Boeing 767-300 Extended Range	207	16	15	10	41	7
Fokker 100	97	66	5	4	75	5
McDonnell Douglas DC-10-10	237/290/297	13	-	-	13	20
McDonnell Douglas DC-10-30	271/282	4	1	-	5	23
McDonnell Douglas MD-11	238/255	13	-	-	13	5
McDonnell Douglas MD-80	139	119	25	116	260	10
Total		373	82	186	641	10
REGIONAL AIRCRAFT						
ATR 42	46	28	2	16	46	8
Super ATR	64/66	35	-	3	38	4
Saab 340B	34	29	61	-	90	6
Saab 340B Plus	34	-	-	25	25	2
Total		92	63	44	199	5

For information concerning the estimated useful lives and residual values for owned aircraft, lease terms for leased aircraft, and amortization relating to aircraft under capital leases, see Notes 1 and 4 to the consolidated financial statements.

In April 1995, American announced an agreement to sell 12 of its McDonnell Douglas MD-11 aircraft to Federal Express Corporation (FedEx). In addition, in March 1998, the Company exercised its option to sell its remaining seven MD-11 aircraft to FedEx. Six aircraft had been delivered as of December 31, 1997. The remaining 13 aircraft will be delivered between 1998 and 2003.

Lease expirations for leased aircraft operated by AMR's subsidiaries and included in the preceding table as of December 31, 1997, were:

Equipment Type	1998	1999	2000	2001	2002	2003 and Thereafter
JET AIRCRAFT						
Airbus A300-600R	-	-	-	-	-	25
Boeing 727-200	-	2	4	8	-	-
Boeing 757-200	-	-	2	2	2	34
Boeing 767-200 Extended Range	-	-	-	-	-	13
Boeing 767-300 Extended Range	-	-	8	-	1	16
Fokker 100	-	-	-	2	3	4
McDonnell Douglas DC-10-30	-	-	-	1	-	-
McDonnell Douglas MD-80	-	-	3	9	14	115
	-----	-----	-----	-----	-----	-----
	-	2	17	22	20	207
	=====	=====	=====	=====	=====	=====
REGIONAL AIRCRAFT						
ATR 42	-	3	4	-	-	3
Saab 340B	-	-	-	-	-	61
	-----	-----	-----	-----	-----	-----
	-	3	4	-	-	64
	=====	=====	=====	=====	=====	=====

The table excludes leases for 25 Saab 340B Plus aircraft, eight ATR 42 aircraft, and three Super ATR aircraft which can be canceled with twelve months or less notice with certain restrictions.

Substantially all of the Airline Group's aircraft leases include an option to purchase the aircraft or to extend the lease term, or both, with the purchase price or renewal rental to be based essentially on the market value of the aircraft at the end of the term of the lease or at a predetermined fixed amount.

GROUND PROPERTIES

American leases, or has built as leasehold improvements on leased property, most of its airport and terminal facilities; certain corporate office, maintenance and training facilities in Fort Worth, Texas; its principal overhaul and maintenance base at Tulsa International Airport, Tulsa, Oklahoma; its regional reservation offices; and local ticket and administration offices throughout the system. American has entered into agreements with the Tulsa Municipal Airport Trust; the Alliance Airport Authority, Fort Worth, Texas; and the Dallas/Fort Worth, Chicago O'Hare, Raleigh/Durham, Nashville, San Juan, New York, and Los Angeles airport authorities to provide funds for constructing, improving and modifying facilities and acquiring equipment which are or will be leased to American. American also utilizes public airports for its flight operations under lease or use arrangements with the municipalities or governmental agencies owning or controlling them and leases certain other ground equipment for use at its facilities.

The Company's data center is located in an underground facility in Tulsa, Oklahoma (the Data Center). The land on which the Data Center is located is leased from the Tulsa Airport Improvements Trust. SABRE and the Company's data processing services are dependent on the central computer operations and information processing facility located in the Data Center.

For information concerning the estimated lives and residual values for owned ground properties, lease terms and amortization relating to ground properties under capital leases, and acquisitions of ground properties, see Notes 1, 3 and 4 to the consolidated financial statements.

ITEM 3. LEGAL PROCEEDINGS

In January 1985, American announced a new fare category, the "Ultimate SuperSaver," a discount, advance purchase fare that carried a 25 percent penalty upon cancellation. On December 30, 1985, a class action lawsuit was filed in Circuit Court, Cook County, Illinois entitled Johnson vs. American Airlines, Inc. The Johnson plaintiffs allege that the 10 percent federal excise transportation tax should have been excluded from the "fare" upon which the 25 percent penalty was assessed. Summary judgment was granted in favor of American but subsequently reversed and vacated by the Illinois Appellate Court. In August 1997, the Court denied the plaintiffs' motion for class certification. American is vigorously defending the lawsuit.

In connection with its frequent flyer program, American was sued in two cases (Wolens et al v. American Airlines, Inc. and Tucker v. American Airlines, Inc.) seeking class action certification that were consolidated and are currently pending in the Circuit Court of Cook County, Illinois. The litigation arises from certain changes made to American's AAdvantage frequent flyer program in May 1988 which limited the number of seats available to participants traveling on certain awards and established blackout dates during which no AAdvantage seats would be available for certain awards. In the consolidated action, the plaintiffs allege that these changes breached American's contract with AAdvantage members, seek money damages for the alleged breach and attorney's fees and seek to represent all persons who joined the AAdvantage program before May 1988 and accrued mileage credits before the seat limitations were introduced. The complaint originally asserted several state law claims, however only the plaintiffs' breach of contract claim remains after the U. S. Supreme Court ruled that federal law preempted the other claims. Although the case has been pending for numerous years, it still is in its preliminary stages. The court has not ruled as to whether the case should be certified as a class action. American is vigorously defending the lawsuit.

Gutterman et al. v. American Airlines, Inc. is also pending in the Circuit Court of Cook County, Illinois, arising from an announced increase in AAdvantage mileage credits required for free travel. In December 1993, American announced that the number of miles required to claim a certain travel award under American's AAdvantage frequent flyer program would be increased effective February 1, 1995, giving rise to the Gutterman litigation filed on that same date. The Gutterman plaintiffs claim that the announced increase in award mileage level violated the terms and conditions of the agreement between American and AAdvantage members. The plaintiffs seek class certification of this action, although the court has yet to rule on the issue. To date, only limited discovery has been undertaken. American is vigorously defending the lawsuit.

On October 22, 1997, federal agents executed a search warrant at American's Miami facilities. American has learned that a federal grand jury is investigating whether American handled hazardous materials and processed courier shipments, cargo and excess baggage in accordance with applicable laws and regulations. In connection with this investigation, American has been served with a subpoena calling for the production of documents relating to the handling of courier shipments, cargo, excess baggage and hazardous materials. American has produced documents responsive to the subpoena and intends to cooperate fully with the government's investigation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 1997.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of AMR as of December 31, 1997, were:

Robert L. Crandall	Mr. Crandall was elected Chairman and Chief Executive Officer of AMR and American in March 1985. He has been President of AMR since its formation in 1982 and served as President of American from 1980 to March 1995. Age 62.
Donald J. Carty	Mr. Carty was elected President of American in March 1995 and Executive Vice President of AMR in October 1989. Except for two years service as President of Canadian Pacific Air between March 1985 and March 1987, he has been with the Company in various finance and planning positions since 1978. Age 51.
Gerard J. Arpey	Mr. Arpey was elected Chief Financial Officer in March 1995 and Senior Vice President in April 1992. Prior to that, he served as Vice President of American since October 1989. Age 39.
Anne H. McNamara	Mrs. McNamara was elected Senior Vice President and General Counsel in June 1988. She had served as Vice President - Personnel Resources of American from January 1988 through May 1988. She was elected Corporate Secretary of AMR in 1982 and American in 1979 and held those positions through 1987. Age 50.
Charles D. MarLett	Mr. MarLett was elected Corporate Secretary in January 1988. He joined American as an attorney in June 1984. Age 43.

There are no family relationships among the executive officers of the Company named above.

There have been no events under any bankruptcy act, no criminal proceedings, and no judgments or injunctions material to the evaluation of the ability and integrity of any director or executive officer during the past five years.

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the New York Stock Exchange (symbol AMR). The approximate number of record holders of the Company's common stock at March 9, 1998, was 14,138.

The range of closing market prices for AMR's common stock on the New York Stock Exchange was:

	1997		1996	
	High	Low	High	Low
QUARTER ENDED				
March 31	\$ 88 1/8	\$ 78 3/4	\$ 92 3/4	\$ 68 5/8
June 30	102	81	96 3/4	86 1/2
September 30	116 1/4	92 5/8	91 1/8	76 3/4
December 31	131 13/16	110 1/2	93	79 3/8

No cash dividends on common stock were declared for any period during 1997 or 1996. Payment of dividends is subject to the restrictions described in Note 5 to the consolidated financial statements.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(in millions, except per share amounts)

	1997	1996	1995	1994	1993
	-----	-----	-----	-----	-----
Total operating revenues	\$18,570	\$17,753	\$16,910	\$16,137	\$15,816
Operating income	1,926	1,839	1,015	1,006	690
Earnings (loss) before extraordinary loss	985	1,105	191	228	(96)
Net earnings (loss)	985	1,016	162	228	(110)
Earnings (loss) per common share before extraordinary loss and effect of preferred stock exchange:(1/2)					
Basic	11.05	12.83	2.51	2.27	(2.05)
Diluted	10.78	12.15	2.49	2.27	(2.05)
Net earnings (loss) per common share:					
Basic	11.05	11.80	2.13	4.51	(2.24)
Diluted	10.78	11.19	2.11	4.51	(2.24)
Total assets	20,915	20,497	19,556	19,486	19,326
Long-term debt, less current maturities	2,260	2,752	4,983	5,603	5,431
Obligations under capital leases, less current obligations	1,629	1,790	2,069	2,275	2,123
Obligation for postretirement benefits	1,579	1,530	1,439	1,254	1,090

(1) The earnings per share computation for the twelve months ended December 31, 1994 includes a \$171 million non-cash increase in additional paid-in-capital resulting from the exchange of outstanding convertible preferred stock into subordinated convertible debt.

(2) The earnings per share amounts prior to 1997 have been restated as required to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share".

No dividends were declared on common shares during any of the periods above.

Information on the comparability of results is included in Management's Discussion and Analysis and the notes to the consolidated financial statements.

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

AMR was incorporated in October 1982. AMR's principal subsidiary, American Airlines, Inc., was founded in 1934. For financial reporting purposes, AMR's operations fall within three major lines of business: the Airline Group, The SABRE Group and the Management Services Group.

AIRLINE GROUP

The Airline Group consists primarily of American's Passenger and Cargo divisions and AMR Eagle Holding Corporation, a separate subsidiary of AMR.

AMERICAN'S PASSENGER DIVISION is one of the largest scheduled passenger airlines in the world. At the end of 1997, American provided scheduled jet service to more than 165 destinations throughout North America, the Caribbean, Latin America, Europe and the Pacific.

AMERICAN'S CARGO DIVISION is one of the largest scheduled air freight carriers in the world. It provides a full range of freight and mail services to shippers throughout the airline's system. In addition, through cooperative agreements with other carriers, it has the ability to transport shipments to virtually any country in the world.

AMR EAGLE HOLDING CORPORATION (AMR EAGLE) owns the four regional airlines which operate as "American Eagle" -- Executive Airlines, Inc., Flagship Airlines, Inc., Simmons Airlines, Inc. and Wings West Airlines, Inc. The American Eagle carriers provide connecting service from six of American's high-traffic cities to smaller markets throughout the United States, Canada, the Bahamas and the Caribbean.

In January 1998, AMR Eagle Holding Corporation announced plans to merge the four regional airlines into a single carrier - "American Eagle Airlines, Inc." The transaction will occur in phases beginning in May 1998 and is expected to be complete by the end of 1998.

THE SABRE GROUP

The SABRE Group is a world leader in the electronic distribution of travel through its proprietary travel reservation and information system, SABRE(R), and is the largest electronic distributor of travel in North America. In addition, The SABRE Group is a leading provider of information technology solutions to the travel and transportation industry and fulfills substantially all of the data processing, network and distributed systems needs of American and AMR's other subsidiaries, Canadian Airlines International Limited and other customers.

ELECTRONIC TRAVEL DISTRIBUTION SABRE and other global distribution systems are the principal means of air travel distribution in the United States and a growing means of air travel distribution internationally. Through SABRE, travel agencies, corporate travel departments and individual consumers can access information on - and book reservations with - airlines and other providers of travel and travel-related products and services. As of December 31, 1997, travel agencies with more than 30,000 locations in over 70 countries on six continents subscribed to SABRE. SABRE subscribers are able to make reservations with more than 400 airlines, more than 50 car rental companies and more than 200 hotel companies covering approximately 39,000 hotel properties worldwide.

During 1997, more airline bookings in North America were made through SABRE than through any other global distribution system. The SABRE Group is actively involved in marketing SABRE internationally either directly or through joint venture or distributorship arrangements. The SABRE Group's global marketing partners principally include foreign airlines that have strong relationships with travel agents in such airlines' primary markets and entities that operate smaller global distribution systems or other travel-related network services. In 1997, approximately 67.3 percent of The SABRE Group's revenue was generated by the electronic distribution of travel, primarily through booking fees paid by associates.

In February 1998, The SABRE Group signed long-term agreements with ABACUS International Holdings Ltd. which created a Singapore-based joint venture company to manage travel distribution in the Asia-Pacific

region. The SABRE Group owns 35 percent of the joint venture company, called ABACUS International Ltd., and provides it with transaction processing on the SABRE computer reservations system.

INFORMATION TECHNOLOGY SOLUTIONS The SABRE Group is a leading provider of solutions to the travel and transportation industry. The SABRE Group employs its airline technology expertise to offer technology solutions to other industries that face similar complex operations issues, including the airport, railroad, logistics and hospitality industries. The solutions offered by The SABRE Group include software development and product sales, transactions processing and consulting, as well as comprehensive information technology outsourcing, which bundles traditional data center, network and distributed systems management with industry-specific software applications and custom development. In addition, pursuant to information technology services agreements, The SABRE Group provides substantially all of the data processing, network and distributed systems needs of American and AMR's other subsidiaries, Canadian Airlines International Limited and other customers. In 1997, approximately 32.7 percent of The SABRE Group's revenue was generated by the provision of information technology solutions.

In January 1998, The SABRE Group completed the execution of a 25 year, multi-billion dollar technology agreement with US Airways, Inc. to provide substantially all of US Airways' information technology services. The agreement covers the management and operation of US Airways' systems and information technology services, including the migration or conversion of US Airways' legacy systems to The SABRE Group systems by mid-1999.

MANAGEMENT SERVICES GROUP

The Management Services Group consists of four direct or indirect subsidiaries of AMR -- AMR Global Services Corporation, Americas Ground Services, Inc. (AGS), AMR Investment Services, Inc. and Airline Management Services, Inc. (AMS).

AMR GLOBAL SERVICES CORPORATION manages five operating units: AMR Services (formerly known as AMR Airline Services), AMR Combs, AMR Global Logistics, TeleService Resources (TSR) and the AMR Training Group. AMR Services provides a full range of aviation services, including ramp, passenger and cargo handling services, as well as aircraft and equipment maintenance, fueling, general sales representation, flight dispatch and management services for more than 200 airlines and airport authorities at approximately 65 locations throughout North America, Europe and Asia. AMR Combs, the executive aviation services division of AMR Global Services, is a premier corporate aviation services network of 14 facilities in major business centers in the United States, Mexico and Asia. AMR Global Logistics serves the logistics marketplace and specializes in logistics management, contract warehousing, trucking and multi-modal freight forwarding services. TSR provides comprehensive call center management services including inbound and outbound telemarketing, as well as reservation services for certain air carriers and a wide range of non-airline Fortune 500 clients. The AMR Training Group operates the American Airlines Training & Conference Center and provides a wide variety of training services to American and a number of other corporate clients.

AGS provides airline ground and cabin service handling at 10 locations in seven countries in the Caribbean and Central and South America.

AMR INVESTMENT SERVICES, INC. serves as an investment advisor to AMR and other institutional investors. It also manages the American AAdvantage Funds, which have both institutional shareholders -- including pension funds, financial advisors, corporations and banks -- and individual shareholders. As of December 31, 1997, AMR Investment Services was responsible for management of approximately \$18.4 billion in assets, including direct management of approximately \$6 billion in short-term investments.

AMS was formed in 1994 to manage the Company's service contracts with other airlines such as the agreement to provide a variety of management, technical and administrative services to Canadian Airlines International Limited which the Company signed in 1994.

RESULTS OF OPERATIONS

SUMMARY AMR's net earnings in 1997 were \$985 million, or \$11.05 per common share (\$10.78 diluted). The Company's results were adversely affected by a brief strike and the strike threat from members of the Allied Pilots Association (APA) during the first quarter of 1997, which negatively impacted the Company's net earnings by an estimated \$70 million, and the reinstatement of the airline transportation tax in March of 1997.

AMR's net earnings in 1996 were \$1.0 billion, or \$11.80 per common share (\$11.19 diluted). In the fourth quarter of 1996, the Company recorded a \$497 million gain related to the initial public offering of The SABRE Group and a \$251 million charge (\$230 million after tax) associated with the Company's relationship with Canadian Airlines International Limited (Canadian). AMR also recorded a \$26 million charge (\$16 million after tax) in the fourth quarter of 1996 to write down the value of aircraft interiors the Company planned to refurbish. To reduce interest expense, the Company repurchased and/or retired prior to scheduled maturity approximately \$1.1 billion in face value of long-term debt and capital lease obligations. These long-term debt and capital lease transactions resulted in an extraordinary loss of \$136 million (\$89 million after tax) in 1996. Excluding these special items, totaling \$162 million after tax, net earnings were \$854 million.

BUSINESS SEGMENTS The SABRE Group has significant transactions with American and the Airline Group. In the second quarter of 1996, American and The SABRE Group completed the negotiation of a new technology services agreement pursuant to which The SABRE Group performs data processing and solutions services for American. This agreement reflected the downward trend in market prices for data processing services. Additionally, the two companies completed negotiations on new agreements covering the provision of air travel and certain marketing services by American to The SABRE Group. The parties agreed to apply the financial terms of these agreements as of January 1, 1996, which is reflected in the reporting segments' financial highlights noted below.

The following sections provide a discussion of AMR's results by reporting segment. The gain on the sale of stock by a subsidiary of \$497 million in 1996 and minority interest expense of \$36 million and \$2 million in 1997 and 1996, respectively, have not been allocated to a reporting segment. Additional segment information is included in Note 16 to the consolidated financial statements.

AIRLINE GROUP
FINANCIAL HIGHLIGHTS

(dollars in millions)

	Year Ended December 31,		
	1997	1996	1995
REVENUES			
Passenger - American Airlines, Inc.	\$ 14,310	\$ 13,645	\$ 13,134
- AMR Eagle	1,017	1,047	976
Cargo	687	682	677
Other	889	837	714
	-----	-----	-----
	16,903	16,211	15,501
OPERATING EXPENSES			
Wages, salaries and benefits	5,480	5,191	5,082
Aircraft fuel	1,923	1,936	1,623
Commissions to agents	1,278	1,252	1,293
Depreciation and amortization	1,038	1,018	1,070
Maintenance materials and repairs	861	686	632
Other operating expenses	4,754	4,686	4,704
Restructuring costs	--	--	533
	-----	-----	-----
Total operating expenses	15,334	14,769	14,937
	-----	-----	-----
OPERATING INCOME	1,569	1,442	564
OTHER EXPENSE	(266)	(428)	(650)
	-----	-----	-----
EARNINGS (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY LOSS	<u>\$ 1,303</u>	<u>\$ 1,014</u>	<u>\$ (86)</u>
	=====	=====	=====
Average number of equivalent employees	90,600	88,900	89,400
OPERATING STATISTICS			
AMERICAN AIRLINES JET OPERATIONS			
Revenue passenger miles (millions)	107,026	104,710	102,918
Available seat miles (millions)	153,917	152,886	155,337
Cargo ton miles (millions)	2,032	2,028	2,046
Passenger load factor	69.5%	68.5%	66.3%
Breakeven load factor excluding special charges	61.0%	60.2%	59.6%
Passenger revenue yield per passenger mile (cents)	13.37	13.03	12.76
Passenger revenue per available seat mile (cents)	9.30	8.92	8.46
Cargo revenue yield per ton mile (cents)	33.78	33.14	32.64
Operating expenses excluding special charges per available seat mile (cents)	9.27	8.91	8.57
Operating aircraft at year-end	641	642	635
AMR EAGLE			
Revenue passenger miles (millions)	2,553	2,590	2,492
Available seat miles (millions)	4,218	4,431	4,488
Passenger load factor	60.5%	58.5%	55.5%
Operating aircraft at year-end	199	205	261

REVENUES

1997 COMPARED TO 1996 Airline Group revenues of \$16.9 billion in 1997 were up \$692 million, or 4.3 percent, versus 1996. American's passenger revenues increased 4.9 percent, or \$665 million. The increase in passenger revenues resulted from a 2.6 percent increase in passenger yield (the average amount one passenger pays to fly one mile) from 13.03 to 13.37 cents and a 2.2 percent increase in passenger traffic. For the year, domestic yields increased 1.8 percent, Latin American yields increased 4.5 percent, European yields increased 3.8 percent and Pacific yields increased 1.0 percent. In 1997, American derived 69 percent of its passenger revenues from domestic operations and 31 percent from international operations.

American's domestic traffic increased 2.0 percent to 74.3 billion revenue passenger miles (RPMs), while domestic capacity, as measured by available seat miles (ASMs), increased 0.8 percent. International traffic grew 2.6 percent to 32.7 billion RPMs on a capacity increase of 0.4 percent. The increase in international traffic was led by a 7.2 percent increase in Latin America on capacity growth of 5.5 percent. This increase was partially offset by a 1.7 percent decrease in the Pacific on a capacity decline of 2.9 percent and a 1.5 percent decrease in Europe on a capacity decline of 5.3 percent, primarily due to the cancellation of several routes during 1997.

The Airline Group benefited from several external factors in 1997. First, a healthy U.S. economy produced strong demand for air travel. Second, industry capacity grew at a more modest rate than demand, which led to higher industry load factors and a healthy pricing environment. However, these benefits were adversely impacted by a brief strike and the strike threat by members of the APA during the first quarter of 1997, which negatively impacted the Company's net earnings by an estimated \$70 million.

1996 COMPARED TO 1995 Airline Group revenues of \$16.2 billion in 1996 were up \$710 million, or 4.6 percent, versus 1995. American's passenger revenues increased 3.9 percent, or \$511 million. The increase in passenger revenues resulted primarily from a 2.1 percent increase in passenger yield from 12.76 to 13.03 cents and a 1.7 percent increase in passenger traffic. For the year, domestic yields increased 2.6 percent, Latin American yields increased 0.2 percent and European yields increased 3.1 percent, while Pacific yields decreased 10.5 percent. The decline in Pacific yields was primarily due to the foreign exchange impact of the weaker yen. In 1996, American derived 69.6 percent of its passenger revenues from domestic operations and 30.4 percent from international operations.

American's domestic traffic increased 2.3 percent to 72.9 billion RPMs, while domestic capacity, as measured by ASMs, decreased 1.7 percent. International traffic grew 0.4 percent to 31.8 billion RPMs on a capacity decline of 1.2 percent. The increase in international traffic was led by a 5.0 percent increase in Latin America on capacity growth of 3.9 percent, offset by a 3.9 percent decrease in Europe on a capacity decline of 6.4 percent.

The Airline Group benefited from a number of external factors in 1996. First, a healthy U.S. economy produced strong demand for air travel. Second, industry capacity grew at a more modest rate, which led to higher industry load factors and a healthy pricing environment. And third, U.S. carriers benefited from an eight-month lapse in the application of the 10 percent excise tax on airline tickets.

The AMR Eagle carriers' passenger revenues increased by 7.3 percent or \$71 million. Traffic on the AMR Eagle carriers increased 3.9 percent to 2.6 billion RPMs, while capacity decreased 1.3 percent. Passenger yield increased 3.2 percent, in part due to the significant changes made to AMR Eagle's fleet and route network to increase efficiency. These changes included closing its Nashville hub and 33 other stations, and grounding 54 aircraft, primarily 19-seat Jetstream aircraft. In the first quarter of 1995, AMR Eagle redeployed its fleet of ATR aircraft in response to the FAA's temporary restrictions on the operation of ATR aircraft in known or forecast icing conditions. The fleet disruption adversely impacted AMR Eagle's results in the first and second quarters of 1995.

Other revenues increased 17.2 percent, or \$123 million, primarily as a result of an increase in aircraft maintenance work and airport ground services performed by American for other airlines and increased employee travel service charges. The remaining portion of the increase was attributable to the growth in passenger traffic.

OPERATING EXPENSES

1997 COMPARED TO 1996 Airline Group operating expenses of \$15.3 billion in 1997 were up \$565 million, or 3.8 percent, versus 1996. American's Jet Operations cost per ASM increased 4.0 percent to 9.27 cents.

Wages, salaries and benefits increased \$289 million, or 5.6 percent, due primarily to an increase in the average number of equivalent employees, contractual wage rate and seniority increases that are built into the Company's labor contracts, including a three percent rate increase granted to pilots effective August 31, 1997, and an increase in the provision for profit sharing.

Fuel expense decreased \$13 million, or 0.7 percent, due to a 1.6 percent decrease in American's average price per gallon, including taxes, partially offset by a 1.4 percent increase in American's fuel consumption.

Commissions to agents increased 2.1 percent, or \$26 million, due primarily to increased passenger revenues. This increase was offset by changes in the Company's travel agency commission payment structure implemented in September 1997 which lowered the base commission paid to travel agents from 10 percent to eight percent on all tickets purchased in the U.S. and Canada for both domestic and international travel.

Maintenance materials and repairs expense increased 25.5 percent, or \$175 million, due to an increase in airframe and engine maintenance check volumes at American's maintenance bases as a result of the maturing of its fleet.

Other operating expenses increased \$68 million, or 1.5 percent, due primarily to an increase in outsourced services, additional airport security requirements, and higher costs, such as credit card fees, resulting from higher passenger revenues. Other operating expenses in 1996 included a \$26 million charge to write down the value of aircraft interiors.

1996 COMPARED TO 1995 Airline Group operating expenses in 1995 included restructuring costs of \$533 million, related to the cost of future pension and other postretirement benefits for voluntary early retirement programs offered in conjunction with renegotiated labor contracts covering members of the TWU and the APFA, as well as provisions for the write-down of certain DC-10 aircraft and the planned retirement of certain turboprop aircraft, and other restructuring activities. Excluding the restructuring costs, the Airline Group's operating expenses increased 2.5 percent, or \$365 million. American's capacity decreased 1.6 percent to 152.9 billion ASMs. As a result, American's Jet Operations cost per ASM, excluding restructuring costs in 1995 and the write-down of aircraft interiors in 1996, increased 4.0 percent to 8.91 cents.

Despite a 0.6 percent decrease in the average number of equivalent employees, wages, salaries and benefits expense rose 2.1 percent, or \$109 million. The increase was due primarily to contractual wage rate and seniority increases that are built into the Company's labor contracts and an increase in the provision for profit sharing.

Fuel expense increased 19.3 percent, or \$313 million, due to a 19.9 percent increase in American's average price per gallon, including the 4.3 cents per gallon domestic fuel tax imposed on the airline industry since October 1995.

Commissions to agents decreased 3.2 percent, or \$41 million, due principally to a reduction in average rates paid to agents attributable primarily to the change in commission structure implemented in February 1995, partially offset by commissions on increased passenger revenues.

Maintenance materials and repairs expense increased 8.5 percent, or \$54 million, primarily due to five additional aircraft check lines added at American's maintenance bases in 1996 as a result of the maturing of its fleet.

Other operating expenses, consisting of aircraft rentals, other rentals and landing fees, food service costs and miscellaneous operating expenses, decreased 0.4 percent, or \$18 million. Aircraft rentals decreased 8.2 percent, or \$55 million, primarily as a result of American's decision to prepay the cancelable operating leases it had on 12 of its Boeing 767-300 aircraft during June and July 1996. Following the prepayments, these aircraft have been accounted for as capital leases and the related costs included in amortization expense. Miscellaneous

operating expenses (including outsourced services, data processing services, booking fees, credit card fees, crew travel expenses, advertising and communications costs) increased by 1.3 percent, or \$33 million, including a \$26 million charge in 1996 to write down the value of aircraft interiors American planned to refurbish.

OTHER EXPENSE

Other expense consists of interest income and expense, interest capitalized and miscellaneous - net.

1997 COMPARED TO 1996 Interest expense, net of amounts capitalized, decreased 20.7 percent, or \$105 million, due primarily to scheduled debt repayments and the repurchase and/or retirement prior to scheduled maturity of approximately \$469 million and \$1.1 billion of long-term debt in 1997 and 1996, respectively, and a reduction of \$850 million of American's long-term debt owed to AMR as a part of the reorganization of The SABRE Group. Also, in 1996, the Company's convertible debentures were converted into AMR common stock, resulting in an \$834 million decrease in long-term debt. Interest income increased approximately 29.1 percent, or \$30 million, due primarily to higher investment balances. Miscellaneous - net for 1996 included a \$21 million provision for a cash payment representing American's share of a multi-carrier travel agency class action litigation settlement.

1996 COMPARED TO 1995 Interest expense, net of amounts capitalized, decreased 25.2 percent, or \$171 million, due primarily to scheduled debt repayments and the repurchase and/or retirement prior to scheduled maturity of approximately \$1.1 billion in long-term debt in 1996 and a reduction of \$850 million of American's long-term debt owed to AMR as a part of the reorganization of The SABRE Group. Also, the Company's convertible debentures were converted into common stock of AMR in May 1996, resulting in an \$834 million decrease in long-term debt and a \$43 million reduction in interest expense from 1995 to 1996. Interest income increased \$29 million, or 39.2 percent, due primarily to higher investment balances. Miscellaneous - net for 1996 included a \$21 million provision for a cash payment representing American's share of a multi-carrier travel agency class action litigation settlement. Miscellaneous - net for 1995 included a \$41 million charge related to the loss of an aircraft operated by American.

THE SABRE GROUP
FINANCIAL HIGHLIGHTS

(dollars in millions)

	Year Ended December 31,		
	1997	1996	1995
REVENUES	\$ 1,784	\$ 1,622	\$ 1,529
OPERATING EXPENSES	1,476	1,295	1,149
OPERATING INCOME	308	327	380
OTHER INCOME (EXPENSE)	16	(21)	(10)
EARNINGS BEFORE INCOME TAXES	\$ 324	\$ 306	\$ 370
Average number of equivalent employees	8,500	7,900	7,300

REVENUES

1997 COMPARED TO 1996 Revenues for The SABRE Group increased 10.0 percent, or \$162 million. Electronic travel distribution revenues increased approximately \$99 million, or 8.9 percent, primarily due to growth in booking fees. The growth in booking fees was due to an increase in booking volumes primarily attributable to international expansion in Europe and Latin America and an overall increase in the price per booking charged to associates. Revenues from information technology solutions increased approximately \$63 million, or 12.1 percent. Revenues from unaffiliated customers increased approximately \$39 million due to an increase in software development, consulting and software license fee revenues. Revenues from other AMR units increased \$24 million due to an increase in software development revenue and data processing volumes offset by a decrease in data network revenue from the sale, in July 1996, of data network equipment to a third party which began direct billing certain items to American.

1996 COMPARED TO 1995 Revenues for The SABRE Group increased 6.1 percent, or \$93 million. Electronic travel distribution revenues increased approximately \$95 million, or 9.4 percent, primarily due to growth in booking fees from associates. This growth was driven by an increase in booking volumes partially attributable to international expansion in Europe and Latin America, an overall increase in the price per booking charged to associates and a migration of associates to higher participation levels within SABRE. Revenues from information technology solutions decreased approximately \$2 million. Revenues from unaffiliated customers increased approximately \$27 million, offset by a decrease in revenues from such services provided to other AMR units of \$29 million primarily due to application of the financial terms of the technology services agreement signed with American in 1996.

OPERATING EXPENSES

1997 COMPARED TO 1996 Operating expenses increased 14.0 percent, or \$181 million, due primarily to increases in salaries, benefits and employee related costs and subscriber incentive expenses. Salaries, benefits and employee related costs increased due to an increase in the average number of equivalent employees necessary to support The SABRE Group's revenue growth and wage and salary increases for existing employees. Subscriber incentive expenses increased in order to maintain and expand The SABRE Group's travel agency subscriber base.

1996 COMPARED TO 1995 Operating expenses increased 12.7 percent, or \$146 million, due primarily to increases in salaries and benefits and subscriber incentive expenses. Salaries and benefits increased due to an increase of approximately eight percent in the average number of equivalent employees necessary to support The SABRE Group's revenue growth and wage and salary increases for existing employees. Subscriber incentive expenses increased in order to maintain and grow The SABRE Group's customer base. Additionally, the new agreements with American covering air travel and certain marketing services and other changes resulting from the Reorganization increased operating expenses in 1996.

OTHER INCOME (EXPENSE)

1997 COMPARED TO 1996 Other income (expense) increased \$37 million due to an increase in interest income of \$17 million due to higher investment balances, an increase in other income of \$14 million primarily due to increased income from joint ventures, and a decrease in interest expense of approximately \$6 million primarily due to a lower principal balance outstanding on the subordinated debenture payable to AMR and lower interest rates.

1996 COMPARED TO 1995 Other income (expense) decreased \$11 million due primarily to interest expense incurred on the \$850 million subordinated debenture payable to AMR issued in conjunction with the Reorganization, partially offset by increased interest income.

MANAGEMENT SERVICES GROUP
FINANCIAL HIGHLIGHTS

(dollars in millions)

	Year Ended December 31,		
	1997	1996	1995
REVENUES	\$ 610	\$ 620	\$ 572
OPERATING EXPENSES	561	550	501
OPERATING INCOME	49	70	71
OTHER INCOME (EXPENSE)			
Canadian Airlines charges	--	(251)	--
Miscellaneous - net	6	(1)	(2)
	6	(252)	(2)
EARNINGS (LOSS) BEFORE INCOME TAXES	\$ 55	\$ (182)	\$ 69
Average number of equivalent employees	14,800	14,500	13,300

REVENUES

1997 COMPARED TO 1996 Revenues for the Management Services Group decreased 1.6 percent, or \$10 million. This decrease was primarily the result of lower revenue for AMR Combs due to the March 1997 sale of its aircraft parts division, decreased telemarketing services provided by TeleService Resources, the sale of Data Management Services in September 1997 and the reduction in fees for services provided to Canadian Airlines International Limited (Canadian) as agreed upon in the fourth quarter of 1996. This decrease was partially offset by higher revenues for AMR Services as a result of increased airline passenger, ramp and cargo handling services.

1996 COMPARED TO 1995 Revenues for the Management Services Group increased 8.4 percent, or \$48 million. This increase is due principally to AMR Global Services Corporation, which experienced higher revenue as a result of increased airline passenger, ramp and cargo handling services provided by its AMR Services division and increased telemarketing services provided by TeleService Resources. This increase was partially offset by a \$12 million reduction in fees for services provided to Canadian.

OPERATING EXPENSES

1997 COMPARED TO 1996 Operating expenses increased 2.0 percent, or \$11 million, due to an \$18 million increase in wages, salaries and benefits resulting from a 2.1 percent increase in the average number of equivalent employees and wage and salary adjustments for existing employees. This increase was partially offset by the decrease in other operating expenses of \$7 million, or 2.6 percent, commensurate with the decrease in revenues.

1996 COMPARED TO 1995 Operating expenses increased 9.8 percent, or \$49 million, due to a \$27 million increase in wages, salaries and benefits resulting from an increase in the average number of equivalent employees and a \$22 million increase in other operating expenses commensurate with the increase in revenues.

OTHER INCOME (EXPENSE)

Other income (expense) for 1996 included a \$251 million charge associated with the Company's relationship with Canadian. This charge included \$192 million related to the write-off of AMR's investment in the cumulative mandatorily redeemable convertible preferred stock of Canadian and \$59 million related to the write-off of certain deferred costs relating to AMR's agreement to provide a variety of management, technical and administrative services to Canadian.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities provided net cash of \$2.9 billion in 1997, \$2.7 billion in 1996 and \$2.2 billion in 1995. The \$204 million increase from 1996 to 1997 resulted primarily from an increase in the air traffic liability due to higher advanced sales. The \$536 million increase from 1995 to 1996 resulted primarily from increased net earnings and an increase in the air traffic liability due to higher advanced sales and fare sale activity in late 1996 compared to 1995.

Capital expenditures in 1997 totaled \$1.4 billion, compared to \$547 million in 1996 and \$928 million in 1995, and included purchase deposits on new aircraft orders of \$745 million, purchases of computer related equipment totaling \$207 million and the acquisition of seven ATR aircraft. These expenditures, as well as the expansion of certain airport facilities, were funded primarily with internally generated cash. Proceeds from the sale of equipment and property of \$281 million in 1997 include proceeds received upon the delivery of three of American's McDonnell Douglas MD-11 aircraft to Federal Express Corporation (FedEx) in accordance with the 1995 agreement between the two parties.

At December 31, 1997, the Company had commitments to acquire the following aircraft: 75 Boeing 737-800s, 12 Boeing 757-200s, 11 Boeing 777-200IGWs, eight Boeing 767-300ERs, 42 Embraer EMB-145s, 25 Bombardier CRJ-700s and five ATR 72s (Super ATR). Deliveries of these aircraft commence in 1998 and will continue through 2004. Future payments, including estimated amounts for price escalation through anticipated delivery dates for these aircraft and related equipment, will approximate \$1.5 billion in 1998, \$1.9 billion in 1999, \$560 million in 2000 and an aggregate of \$1.5 billion in 2001 through 2004. In addition to these commitments for aircraft, the Company expects to spend approximately \$1.5 billion related to modifications to aircraft, renovations of, and additions to, airport and office facilities, and the acquisition of various other equipment and assets in 1998, of which approximately \$700 million has been authorized by the Company's Board of Directors. While the Company expects to fund the majority of its capital expenditures from the Company's existing cash balance and internally generated cash, some new financing may be raised depending upon capital market conditions and the Company's evolving view of its long-term needs.

In March 1998, the Company exercised its purchase rights to acquire two additional Boeing 777-200IGWs for deliveries in 1999. Depending upon the Company's fleet requirements, the Company may exercise additional aircraft purchase rights throughout the remainder of 1998. Also in March 1998, the Company exercised its option to sell its remaining seven MD-11 aircraft to FedEx with deliveries between 2000 and 2002.

The new collective bargaining agreement reached between American and the Allied Pilots Association granted pilots options to purchase 5.75 million shares of AMR common stock at \$83.375, \$10 less than the average fair market value of the stock on the date of grant, May 5, 1997. The options were immediately exercisable. To offset the potential dilution from the exercise of these options, the Company repurchased 5.75 million shares of its common stock during 1997. Also in July 1997, the Company initiated a stock repurchase program for up to an additional \$500 million of its outstanding common stock, to be purchased in the open market or in private transactions from time to time over a 24-month period. As of December 31, 1997, a total of 7,043,375 shares had been purchased by the Company under the two programs at a total cost of approximately \$740 million, and proceeds of approximately \$200 million had been received by the Company upon the exercise of stock options. The Company expects to spend approximately \$350 million during 1998 to repurchase the remainder of the shares under the stock repurchase program.

The Board of Directors of The SABRE Group has also approved a stock repurchase program for The SABRE Group, under which The SABRE Group will repurchase, subject to certain business and market conditions, up to 1.5 million shares of The SABRE Group's Class A common stock. Based on current market prices, the total cost of The SABRE Group's stock repurchase program will be approximately \$55 million.

In February 1998, The SABRE Group signed long-term agreements with ABACUS International Holdings Ltd. which created a Singapore-based joint venture company to manage travel distribution in the Asia-Pacific region. The SABRE Group received 35 percent of the joint venture company, called ABACUS International Ltd. The SABRE Group paid \$139 million in cash and contributed assets related to The SABRE Group's ongoing travel distribution activities in the Asia-Pacific region and other considerations with a fair value of approximately

\$100 million. The SABRE Group provides ABACUS International with transaction processing on the SABRE computer reservations system. The investment was funded with existing cash.

The Company will continue to evaluate uses for any surplus cash, which may include the retirement, refinancing, and/or repurchase in the open market or otherwise of debt and/or other fixed obligations, and the continued repurchase of equity in the open market. The total amount of debt and/or equity retired, refinanced, and/or repurchased will depend on market conditions, AMR's cash position and other considerations during the year.

American has a \$1.0 billion credit facility agreement which expires December 19, 2001. At American's option, interest on the agreement can be calculated on one of several different bases. For most borrowings, American would anticipate choosing a floating rate based upon the London Interbank Offered Rate (LIBOR). At December 31, 1997, no borrowings were outstanding under the agreement.

AMR (principally American Airlines) historically operates with a working capital deficit as do most other airline companies. The existence of such a deficit has not in the past impaired the Company's ability to meet its obligations as they become due and is not expected to do so in the future.

MARKET RISK SENSITIVE INSTRUMENTS AND POSITIONS

The risk inherent in the Company's market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of fuel, foreign currency exchange rates and interest rates as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity nor do they consider additional actions management may take to mitigate its exposure to such changes. Actual results may differ. See Note 6 to the consolidated financial statements for accounting policies and additional information.

AIRCRAFT FUEL The Company's earnings are affected by changes in the price and availability of aircraft fuel. In order to provide a measure of control over price and supply, the Company trades and ships fuel and maintains fuel storage facilities to support its flight operations. The Company also manages the price risk of fuel costs primarily utilizing fuel swap and fuel option contracts. Market risk is estimated as a hypothetical 10 percent increase in the December 31, 1997 cost per gallon of fuel. Based on projected 1998 fuel usage, such an increase would result in an increase to aircraft fuel expense of approximately \$110 million in 1998, net of fuel hedge instruments outstanding at December 31, 1997. As of December 31, 1997, the Company had hedged approximately 23 percent of its 1998 fuel requirements.

FOREIGN CURRENCY The Company is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated operating revenues and expenses. The Company's largest exposure comes from the British pound and Japanese yen. The Company uses options to hedge its anticipated foreign currency-denominated net cash flows. The result of a uniform 10 percent strengthening in the value of the U.S. dollar from December 31, 1997 levels relative to each of the currencies in which the Company's sales and expenses are denominated and have not historically adjusted for such foreign exchange rate fluctuations would result in a decrease in operating income of approximately \$60 million for the year ending December 31, 1998, net of hedge instruments outstanding at December 31, 1997, due to the Company's foreign-denominated revenues exceeding its foreign-denominated expenses. The increase to other income due to the remeasurement of net foreign currency-denominated liabilities and the increase to common stockholders' equity due to the translation of net foreign currency-denominated liabilities resulting from a 10 percent strengthening in the value of the U.S. dollar is not material. This sensitivity analysis was prepared based upon projected 1998 foreign currency-denominated revenues and expenses and foreign currency-denominated assets and liabilities as of December 31, 1997. Furthermore, this calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar.

INTEREST The Company's earnings are also affected by changes in interest rates due to the impact those changes have on its interest income from cash and short-term investments and its interest expense from variable-rate debt instruments. The Company has variable-rate debt instruments representing approximately five percent of its total long-term debt and interest rate swaps on notional amounts of approximately \$1.4 billion at December 31, 1997. If interest rates average 10 percent more in 1998 than they did during 1997, the Company's

interest expense would increase by approximately \$10 million. If interest rates average 10 percent more in 1998 than they did during 1997, the Company's interest income from cash and short-term investments would increase by approximately \$14 million. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's variable-rate long-term debt, interest rate swap agreements, cash and short-term investment balances at December 31, 1997.

Market risk for fixed-rate long-term debt is estimated as the potential increase in fair value resulting from a hypothetical 10 percent decrease in interest rates and amounts to approximately \$105 million. The fair values of the Company's long-term debt were estimated using quoted market prices or discounted future cash flows based on the Company's incremental borrowing rates for similar types of borrowing arrangements.

OTHER The Company is also subject to market risk in its investment in the cumulative mandatorily redeemable convertible preferred stock of Canadian Airlines International Limited (Canadian). However, the impact of such market risk on earnings is not significant as the Company wrote down its investment in Canadian to its estimated fair market value in 1996. Furthermore, the Company considers its investment in Canadian as an available for sale security and, as such, any future increase in the value of the Company's investment in Canadian would be recorded directly to stockholders' equity and would not impact the Company's earnings. The cumulative mandatorily redeemable convertible preferred stock of Canadian is not publicly traded and has no readily determinable fair value.

OTHER INFORMATION

ENVIRONMENTAL MATTERS Subsidiaries of AMR have been notified of potential liability with regard to several environmental cleanup sites and certain airport locations. At sites where remedial litigation has commenced, potential liability is joint and several. AMR's alleged volumetric contributions at these sites are minimal. AMR does not expect these matters, individually or collectively, to have a material impact on its results of operations, financial position or liquidity. Additional information is included in Note 3 to the consolidated financial statements.

YEAR 2000 COMPLIANCE The Company has implemented a Year 2000 compliance program designed to ensure that the Company's computer systems and applications will function properly beyond 1999. Such program includes both systems and applications operated by the Company's businesses as well as software licensed to or operated for third parties by The SABRE Group. The Company believes that it has allocated adequate resources for this purpose and expects its Year 2000 date conversion program to be completed on a timely basis. The Company has commenced testing on certain systems and applications and will continue to test the remainder of the systems and applications throughout the course of the Year 2000 program. However, there can be no assurance that the systems of other parties (e.g., Federal Aviation Administration, Department of Transportation, airport authorities, data providers) upon which the Company's businesses also rely will be converted on a timely basis. The Company's business, financial condition, or results of operations could be materially adversely affected by the failure of its systems and applications, those licensed to or operated for third parties, or those operated by other parties to properly operate or manage dates beyond 1999.

The Company expects to incur significant internal staff costs, as well as consulting and other expenses, related to infrastructure and facilities enhancements necessary to prepare its systems for the Year 2000. The Company's total estimated cost of the Year 2000 compliance program is approximately \$215 million to \$250 million, of which approximately \$65 million was incurred as of December 31, 1997. The remaining expenses are expected to be incurred primarily in 1998. A significant portion of these costs are not likely to be incremental costs to the Company, but rather will represent the redeployment of existing information technology resources. Maintenance or modification costs associated with making existing computer systems Year 2000 compliant will be expensed as incurred.

The costs of the project and the date on which the Company plans to complete the Year 2000 compliance program are based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of certain resources, third party modification plans and other factors. However, there can be no guarantee that these estimates will be achieved, and actual results could differ materially from these estimates. Specific factors that might cause such material differences include, but

are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes and similar uncertainties.

AIRLINE TRANSPORTATION TAXES The Federal airline passenger excise tax, which was reimposed in the first quarter of 1997, expired on September 30, 1997. A replacement tax mechanism took effect on October 1, 1997. Over a five year period on a sliding scale, the airline ticket tax will be reduced from 10 percent to 7.5 percent and a \$3 per passenger segment fee will be phased in. Additionally, the fee for international arrivals and departures was increased from \$6 per departure to \$12 for each arrival and departure and a 7.5 percent tax was added on the purchase of frequent flyer miles.

DALLAS LOVE FIELD In 1968, as part of an agreement between the cities of Fort Worth and Dallas to build and operate Dallas/Fort Worth Airport (DFW), a bond ordinance was enacted by both cities (the Bond Ordinance). The Bond Ordinance required both cities to direct all scheduled interstate passenger operations to DFW and was an integral part of the bonds issued for the construction and operation of DFW. In 1979, as part of a settlement to resolve litigation with Southwest Airlines, the cities agreed to expand the scope of operations allowed under the Bond Ordinance at Dallas' Love Field. This settlement was codified by Congress and became known as the Wright Amendment. The Wright Amendment limited interstate operations at Love Field to the four states contiguous to Texas (New Mexico, Oklahoma, Arkansas and Louisiana) and prohibited through ticketing to any destination outside that perimeter. In 1997, without the consent of either city, Congress amended the Wright Amendment by (i) adding three states (Kansas, Mississippi and Alabama) to the perimeter and (ii) removing all federal restrictions on large aircraft configured with 56 seats or less (the 1997 Amendment). In October 1997, the City of Fort Worth filed suit in state district court against the City of Dallas and others seeking to enforce the Bond Ordinance. Fort Worth contends that the 1997 Amendment does not preclude the City of Dallas from exercising its proprietary rights to restrict traffic at Love Field in a manner consistent with the Bond Ordinance and, moreover, that it has an obligation to do so. American has joined in this litigation. Thereafter, Dallas filed a declaratory judgment action in federal district court seeking to have the court declare that, as a matter of law, the 1997 Amendment precludes Dallas from exercising any restrictions on operations at Love Field. As a result of the foregoing, the future of flight operations at Love Field and American's DFW hub is uncertain. To the extent that operations at Love Field to new destinations increase, American may be compelled for competitive reasons to divert resources from DFW to Love Field. This diversion could adversely impact American's business.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130), effective for fiscal years beginning after December 15, 1997. SFAS 130 establishes standards for the reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. The adoption of SFAS 130 will have no impact on the Company's results of operations.

Also in June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131), effective for fiscal years beginning after December 15, 1997. SFAS No. 131 supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," and requires that a public company report annual and interim financial and descriptive information about its reportable operating segments pursuant to criteria that differ from current accounting practice. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Because this statement addresses how supplemental financial information is disclosed in annual and interim reports, the adoption will have no impact on the Company's financial condition or results of operations.

In October 1997, the American Institute of Certified Public Accountants issued Statement of Position (SOP) No. 97-2, "Software Revenue Recognition," effective for transactions entered into for fiscal years beginning after December 15, 1997. SOP 97-2 provides revised and expanded guidance on software revenue recognition and applies to entities that earn revenue from licensing, selling or otherwise marketing computer software. The Company's accounting policy for software revenue recognition is in compliance with SOP 97-2 and its adoption is not expected to have a material impact on the Company's financial position or results of operations.

OUTLOOK FOR 1998

AIRLINE GROUP The Airline Group expects 1998 to be another satisfactory year. A strong U.S. economy and healthy demand for air travel allow the Company to remain optimistic about 1998 revenues. In 1998, total system capacity is expected to increase slightly. The Airline Group expects to continue to strengthen its position in several domestic markets while expanding its international network. The recently approved bilateral agreement between the U.S. and Japan coupled with the expansion of code-share alliances, delivery of new Boeing aircraft and the addition of several new routes will enable American to gain further presence internationally. The Company is continuing to improve the regional airline feed to American by strengthening AMR Eagle with the delivery of its first regional jet in early 1998.

Pressure to reduce costs will continue, although the volatility of fuel prices makes any prediction of overall costs very difficult. Excluding fuel, the Company anticipates an increase in unit costs of about two to three percent, driven by increased maintenance costs as American's fleet continues to mature, higher labor costs associated with the normal seniority and scale increases in the union contracts and various other inflationary pressures.

THE SABRE GROUP The SABRE Group expects continued profitability and revenue growth in 1998. Revenues from The SABRE Group's information technology solutions business should grow significantly in 1998 as a result of the multi-billion dollar technology services agreement signed between The SABRE Group and US Airways, Inc. Additionally, The SABRE Group expects overall revenue growth from the electronic travel distribution business to be consistent with those of prior years. While The SABRE Group anticipates a decline in domestic airline bookings growth in 1998, The SABRE Group expects to compensate for the decline with growth in international bookings, non-air bookings and price increases.

MANAGEMENT SERVICES GROUP The Management Services Group comprises several businesses whose activities are various and diverse. While most of the businesses expect profitable growth in 1998, this growth will be offset by the loss of revenue attributable to the sale of certain businesses in 1997. As a result, combined Management Services Group operating results will likely remain consistent with 1997 results.

FORWARD-LOOKING INFORMATION

The preceding discussions under Management's Discussion and Analysis of Financial Condition and Results of Operations contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, without limitation, projections relating to results of operations and financial condition, including increases in revenues and unit costs, Year 2000 compliance, overall economic projections and the Company's plans and objectives for future operations, including plans to develop future code-sharing programs and to evaluate new alliances. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements are subject to a number of factors that could cause actual results to differ materially from our expectations. The following factors, in addition to other possible factors not listed, could cause the Company's actual results to differ materially from those expressed in forward-looking statements:

UNCERTAINTY OF FUTURE COLLECTIVE BARGAINING AGREEMENTS The Company's operations could be adversely affected by failure of the Company to reach agreement with any labor union representing the Company's employees or by an agreement with a labor union representing the Company's employees that contains terms which prevent the Company from competing effectively with other airlines.

ECONOMIC AND OTHER CONDITIONS The airline industry is affected by changes in national, regional and local economic conditions, inflation, war (or the threat thereof), consumer preferences and spending patterns, demographic trends, consumer perceptions of airline safety, costs of safety and security measures and weather.

COMMODITY PRICES Due to the competitive nature of the airline industry, in the event of any increase in the price of jet fuel, there can be no assurance that the Airline Group would be able to pass on increased fuel prices to its customers by increasing fares.

COMPETITION IN THE AIRLINE INDUSTRY Service over almost all of the Airline Group's routes is highly competitive. On most of its non-stop routes, the Airline Group competes with at least one, and usually more than one, major domestic airline, as well as lower-cost carriers. The Airline Group also competes with national, regional, all-cargo and charter carriers and, particularly on shorter segments, ground transportation. Pricing decisions are affected by competition from other airlines. Fare discounting by competitors has historically had a negative effect on the Airline Group's financial results because American is generally required to match competitors' fares to maintain passenger traffic. No assurance can be given that any future fare reduction would be offset by increases in passenger traffic or changes in the mix of traffic that would improve yields.

COMPETITION IN ELECTRONIC TRAVEL DISTRIBUTION The markets in which The SABRE Group's electronic travel distribution business competes are highly competitive. The SABRE Group competes primarily against other large and well-established global distribution systems and is always faced with the potential of new competitors, particularly as new channels for distribution develop. Increased competition could cause The SABRE Group to reduce prices, to increase spending on marketing or product development or to otherwise take actions that might adversely affect its operating earnings.

CHANGING BUSINESS STRATEGY Although it has no current plan to do so, the Company may change its business strategy in the future and may not pursue some of the goals stated herein.

GOVERNMENT REGULATION Future results of the Company's operations may vary based upon any actions which the governmental agencies with jurisdiction over the Company's operations may take, including the granting and timing of certain governmental approvals needed for code-sharing alliances and other arrangements with other airlines, restrictions on competitive practices (e.g., new regulations which would curtail an airlines ability to respond to a competitor) and the adoption of more restrictive locally-imposed noise restrictions.

UNCERTAINTY IN INTERNATIONAL OPERATIONS The Company's 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, taxation and changes in international government regulation of the Company's operations.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
AMR Corporation

We have audited the accompanying consolidated balance sheets of AMR Corporation as of December 31, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AMR Corporation at December 31, 1997 and 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

2121 San Jacinto
Dallas, Texas 75201
January 19, 1998

AMR CORPORATION
 CONSOLIDATED STATEMENT OF OPERATIONS
 (in millions, except per share amounts)

	Year Ended December 31,		
	1997	1996	1995
REVENUES			
Airline Group:			
Passenger - American Airlines, Inc.	\$ 14,310	\$ 13,645	\$ 13,134
- AMR Eagle	1,017	1,047	976
Cargo	687	682	677
Other	889	837	714
	-----	-----	-----
	16,903	16,211	15,501
The SABRE Group	1,784	1,622	1,529
Management Services Group	610	620	572
Less: Intergroup revenues	(727)	(700)	(692)
	-----	-----	-----
Total operating revenues	18,570	17,753	16,910
	-----	-----	-----
EXPENSES			
Wages, salaries and benefits	6,328	5,961	5,779
Aircraft fuel	1,923	1,936	1,623
Commissions to agents	1,278	1,252	1,293
Depreciation and amortization	1,244	1,204	1,259
Other rentals and landing fees	896	895	878
Maintenance materials and repairs	873	697	641
Food service	677	672	682
Aircraft rentals	574	616	671
Other operating expenses	2,851	2,681	2,536
Restructuring costs	--	--	533
	-----	-----	-----
Total operating expenses	16,644	15,914	15,895
	-----	-----	-----
OPERATING INCOME	1,926	1,839	1,015
OTHER INCOME (EXPENSE)			
Interest income	138	80	63
Interest expense	(399)	(499)	(670)
Gain on sale of stock by subsidiary	--	497	--
Miscellaneous - net	(19)	(284)	(55)
	-----	-----	-----
	(280)	(206)	(662)
	-----	-----	-----
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY LOSS	1,646	1,633	353
Income tax provision	661	528	162
	-----	-----	-----
EARNINGS BEFORE EXTRAORDINARY LOSS	985	1,105	191
EXTRAORDINARY LOSS, NET OF TAX BENEFIT	--	(89)	(29)
	-----	-----	-----
NET EARNINGS	\$ 985	\$ 1,016	\$ 162
	=====	=====	=====

Continued on next page.

AMR CORPORATION
 CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)
 (in millions, except per share amounts)

	Year Ended December 31,		
	1997	1996	1995
EARNINGS APPLICABLE TO COMMON SHARES	\$ 985	\$ 1,016	\$ 162
EARNINGS (LOSS) PER COMMON SHARE:			
BASIC			
Before extraordinary loss	\$ 11.05	\$ 12.83	\$ 2.51
Extraordinary loss	--	(1.03)	(0.38)
Net earnings	\$ 11.05	\$ 11.80	\$ 2.13
DILUTED			
Before extraordinary loss	\$ 10.78	\$ 12.15	\$ 2.49
Extraordinary loss	--	(0.96)	(0.38)
Net earnings	\$ 10.78	\$ 11.19	\$ 2.11

The accompanying notes are an integral part of these financial statements.

AMR CORPORATION
 CONSOLIDATED BALANCE SHEET
 (in millions)

	December 31,	
	1997	1996
ASSETS		
CURRENT ASSETS		
Cash	\$ 64	\$ 68
Short-term investments	2,370	1,743
Receivables, less allowance for uncollectible accounts (1997 - \$24; 1996 - \$17)	1,370	1,382
Inventories, less allowance for obsolescence (1997 - \$203; 1996 - \$213)	636	633
Deferred income taxes	406	404
Other current assets	225	240
Total current assets	5,071	4,470
EQUIPMENT AND PROPERTY		
Flight equipment, at cost	13,002	13,107
Less accumulated depreciation	4,459	3,922
	8,543	9,185
Purchase deposits for flight equipment	754	--
Other equipment and property, at cost	4,158	3,982
Less accumulated depreciation	2,284	2,100
	1,874	1,882
	11,171	11,067
EQUIPMENT AND PROPERTY UNDER CAPITAL LEASES		
Flight equipment	2,980	2,998
Other equipment and property	274	261
	3,254	3,259
Less accumulated amortization	1,168	1,021
	2,086	2,238
OTHER ASSETS		
Route acquisition costs, less accumulated amortization (1997 - \$211; 1996 - \$182)	945	974
Airport operating and gate lease rights, less accumulated amortization (1997 - \$143; 1996 - \$123)	325	345
Prepaid pension cost	382	446
Other	935	957
	2,587	2,722
TOTAL ASSETS	\$ 20,915	\$ 20,497

The accompanying notes are an integral part of these financial statements.

AMR CORPORATION
 CONSOLIDATED BALANCE SHEET
 (in millions, except shares and par value)

	December 31,	
	1997	1996
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,021	\$ 1,068
Accrued salaries and wages	897	823
Accrued liabilities	1,123	1,232
Air traffic liability	2,044	1,889
Current maturities of long-term debt	397	424
Current obligations under capital leases	135	130
	-----	-----
Total current liabilities	5,617	5,566
LONG-TERM DEBT, LESS CURRENT MATURITIES	2,260	2,752
OBLIGATIONS UNDER CAPITAL LEASES, LESS CURRENT OBLIGATIONS	1,629	1,790
OTHER LIABILITIES AND CREDITS		
Deferred income taxes	1,105	743
Deferred gains	610	647
Postretirement benefits	1,579	1,530
Other liabilities and deferred credits	1,899	1,801
	-----	-----
	5,193	4,721
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock - \$1 par value; shares authorized: 150,000,000; shares issued: 1997 - 91,139,383; 1996 - 90,989,713	91	91
Additional paid-in capital	3,195	3,166
Treasury shares at cost: 1997 - 4,540,416	(485)	--
Other	(4)	(23)
Retained earnings	3,419	2,434
	-----	-----
	6,216	5,668
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 20,915	\$ 20,497
	=====	=====

The accompanying notes are an integral part of these financial statements.

AMR CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	1997	1996	1995
CASH FLOW FROM OPERATING ACTIVITIES:			
Net earnings	\$ 985	\$ 1,016	\$ 162
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	996	967	1,012
Deferred income taxes	362	218	50
Amortization	248	237	247
Gain on sale of stock by subsidiary	--	(497)	--
Provisions for losses	--	251	41
Extraordinary loss	--	136	45
Provision for restructuring costs	--	--	533
Change in assets and liabilities:			
Decrease (increase) in receivables	12	(225)	(109)
Increase in inventories	(41)	(66)	(11)
Increase in accounts payable and accrued liabilities	117	261	441
Increase (decrease) in air traffic liability	155	423	(7)
Other, net	86	(5)	(224)
Net cash provided by operating activities	2,920	2,716	2,180
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital expenditures	(1,390)	(547)	(928)
Net increase in short-term investments	(627)	(924)	(65)
Proceeds from sale of equipment and property	281	257	68
Net cash used for investing activities	(1,736)	(1,214)	(925)
CASH FLOW FROM FINANCING ACTIVITIES:			
Payments on long-term debt and capital lease obligations	(648)	(2,130)	(1,401)
Repurchase of common stock	(740)	--	--
Proceeds from:			
Exercise of stock options	200	25	21
Sale of stock by subsidiary	--	589	--
Issuance of long-term debt	--	--	184
Net cash used for financing activities	(1,188)	(1,516)	(1,196)
Net increase (decrease) in cash	(4)	(14)	59
Cash at beginning of year	68	82	23
Cash at end of year	\$ 64	\$ 68	\$ 82

The accompanying notes are an integral part of these financial statements.

AMR CORPORATION
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
 (in millions, except shares and per share amounts)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Other	Retained Earnings	Total
Balance at January 1, 1995	\$ 78	\$ 76	\$ 2,212	\$ --	\$ (242)	\$ 1,256	\$ 3,380
Net earnings	--	--	--	--	--	162	162
Issuance of 507,826 shares pursuant to stock option, deferred stock and restricted stock incentive plans	--	--	27	--	--	--	27
Adjustment for minimum pension liability, net of tax benefit of \$120	--	--	--	--	198	--	198
Unrealized loss on investments, net of tax benefit of \$28	--	--	--	--	(47)	--	(47)
Balance at December 31, 1995	78	76	2,239	--	(91)	1,418	3,720
Net earnings	--	--	--	--	--	1,016	1,016
Issuance of 13,926,774 shares upon conversion of convertible subordinated debentures and preferred stock, net of conversion fees and issuance costs	(78)	14	881	--	--	--	817
Issuance of 701,828 shares pursuant to stock option, deferred stock and restricted stock incentive plans	--	1	46	--	--	--	47
Adjustment for minimum pension liability, net of tax benefit of \$13	--	--	--	--	(21)	--	(21)
Reversal of unrealized loss on investment in Canadian Airlines International Limited	--	--	--	--	91	--	91
Unrealized loss on investments, net of tax benefit of \$1	--	--	--	--	(2)	--	(2)
Balance at December 31, 1996	--	91	3,166	--	(23)	2,434	5,668
Net earnings	--	--	--	--	--	985	985
Issuance of 156,070 shares pursuant to stock option, deferred stock and restricted stock incentive plans	--	--	13	--	--	--	13
Issuance of 5,750,000 stock options at \$10 below market value at date of grant	--	--	58	--	--	--	58
Repurchase of 7,043,375 common shares	--	--	--	(740)	--	--	(740)
Issuance of 2,502,959 shares from Treasury pursuant to stock option, deferred stock and restricted stock incentive plans, net of tax benefit of \$15	--	--	(42)	255	--	--	213
Adjustment for minimum pension liability, net of tax expense of \$13	--	--	--	--	19	--	19
Balance at December 31, 1997	\$ --	\$ 91	\$ 3,195	\$ (485)	\$ (4)	\$ 3,419	\$ 6,216

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

BASIS OF CONSOLIDATION The consolidated financial statements include the accounts of AMR Corporation (AMR or the Company), its wholly-owned subsidiaries, including its principal subsidiary American Airlines, Inc. (American), and its majority-owned subsidiaries, including The SABRE Group Holdings, Inc. (The SABRE Group). All significant intercompany transactions have been eliminated. Certain amounts from prior years have been reclassified to conform with the 1997 presentation.

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

INVENTORIES Spare parts, materials and supplies relating to flight equipment are carried at average acquisition cost and are expensed when incurred in operations. Allowances for obsolescence are provided, over the estimated useful life of the related aircraft and engines, for spare parts expected to be on hand at the date aircraft are retired from service, plus allowances for spare parts currently identified as excess. These allowances are based on management estimates, which are subject to change.

EQUIPMENT AND PROPERTY The provision for depreciation of operating equipment and property is computed on the straight-line method applied to each unit of property, except that spare assemblies are depreciated on a group basis. The depreciable lives and residual values used for the principal depreciable asset classifications are:

	Depreciable Life -----	Residual Value -----
Boeing 727-200 (Stage II)	December 31, 1999(1)	None
Boeing 727-200 (to be converted to Stage III)	December 31, 2003(1)	None
DC-10	December 31, 2002(2)	None
Other jet aircraft	20 years	5%
Regional aircraft and engines	15-17 years	10%
Major rotatable parts, avionics and assemblies	Life of equipment to which applicable	0-10%
Improvements to leased flight equipment	Term of lease	None
Buildings and improvements (principally on leased land)	10-30 years or term of lease	None
Furniture, fixtures and other equipment	3-20 years	None

(1) In 1996, American changed the estimated useful lives of its Boeing 727-200 aircraft and engines from an average depreciable life of 21 years to an approximate common retirement date of December 31, 1999 for those aircraft which will not be converted to Stage III noise standards and December 31, 2003 for those which will be converted to Stage III. The impact of this change was not material.

(2) Approximate common retirement date.

Equipment and property under capital leases are amortized over the term of the leases and such amortization is included in depreciation and amortization. Lease terms vary but are generally 10 to 25 years for aircraft and 7 to 40 years for other leased equipment and property.

MAINTENANCE AND REPAIR COSTS Maintenance and repair costs for owned and leased flight equipment are charged to operating expense as incurred, except engine overhaul costs incurred by AMR's regional carriers, which are accrued on the basis of hours flown.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS The Company continually evaluates intangible assets to determine whether current events and circumstances warrant adjustment of the carrying values or amortization periods.

Route acquisition costs and airport operating and gate lease rights represent the purchase price attributable to route authorities, airport take-off and landing slots and airport gate leasehold rights acquired. These assets are being amortized on a straight-line basis over 40 years for route authorities, 25 years for airport take-off and landing slots, and the term of the lease for airport gate leasehold rights.

PASSENGER REVENUES Passenger ticket sales are initially recorded as a component of air traffic liability. Revenue derived from ticket sales is recognized at the time transportation is provided. However, due to various factors, including the complex pricing structure and interline agreements throughout the industry, certain amounts are recognized in revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized. Actual results could differ from those estimates.

ELECTRONIC TRAVEL DISTRIBUTION REVENUES Revenues for airline travel reservations are recognized at the time of the booking of the reservation, net of estimated future cancellations. Revenues for car rental and other travel providers are recognized at the time the reservation is used by the customer. Fees billed on service contracts are recognized as revenue in the month earned.

INFORMATION TECHNOLOGY SOLUTIONS REVENUES Revenue from information technology services is recognized in the period earned. Revenue from software license fees for standard software products is recognized when the software is delivered, provided no significant future vendor obligations exist and collection is probable. Revenue on long-term software development and consulting contracts is recognized under the percentage of completion method of accounting. Losses, if any, on long-term contracts are recognized when the current estimate of total contract costs indicates a loss on a contract is probable. Fixed fees for software maintenance are recognized ratably over the life of the contract.

ADVERTISING COSTS The Company expenses the costs of advertising as incurred. Advertising expense was \$207 million, \$205 million and \$192 million for the years ended December 31, 1997, 1996 and 1995, respectively.

FREQUENT FLYER PROGRAM The estimated incremental cost of providing free travel awards is accrued when such award levels are reached. American sells mileage credits and related services to companies participating in its frequent flyer program. The portion of the revenue related to the sale of mileage credits is deferred and recognized over a period approximating the period during which the mileage credits are used.

STATEMENT OF CASH FLOWS Short-term investments, without regard to remaining maturity at acquisition, are not considered as cash equivalents for purposes of the statement of cash flows.

STOCK OPTIONS The Company accounts for its stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. Under APB 25, no compensation expense is recognized for stock option grants if the exercise price of the Company's stock option grants is at or above the fair market value of the underlying stock on the date of grant.

2. INVESTMENTS

Short-term investments consisted of (in millions):

	December 31,	
	1997	1996
Overnight investments and time deposits	\$ 674	\$ 81
Corporate notes	950	1,302
Other debt securities	746	360
	-----	-----
	\$ 2,370	\$ 1,743
	=====	=====

Short-term investments at December 31, 1997, by contractual maturity included (in millions):

Due in one year or less	\$1,403
Due after one year through three years	662
Due after three years	305

	\$2,370
	=====

All short-term investments are classified as available-for-sale and stated at fair value. Net unrealized gains and losses, net of deferred taxes, are reflected as an adjustment to stockholders' equity.

3. COMMITMENTS AND CONTINGENCIES

At December 31, 1997, the Company had commitments to acquire the following aircraft: 75 Boeing 737-800s, 12 Boeing 757-200s, 11 Boeing 777-200IGWs, eight Boeing 767-300ERS, 42 Embraer EMB-145s, 25 Bombardier CRJ-700s and five ATR 72s. Deliveries of these aircraft commence in 1998 and will continue through 2004. Future payments, including estimated amounts for price escalation through anticipated delivery dates for these aircraft and related equipment, will approximate \$1.5 billion in 1998, \$1.9 billion in 1999, \$560 million in 2000 and an aggregate of \$1.5 billion in 2001 through 2004. In addition to these commitments for aircraft, the Company's Board of Directors has authorized expenditures of approximately \$1.5 billion over the next five years related to modifications to aircraft, renovations of, and additions to, airport and office facilities, and the acquisition of various other equipment and assets. AMR expects to spend approximately \$700 million of this authorized amount in 1998.

The Miami International Airport Authority is currently remediating various environmental conditions at the Miami International Airport (the Airport) and funding the remediation costs through landing fee revenues. Future costs of the remediation effort may be borne by carriers operating at the Airport, including American, through increased landing fees and/or other charges since certain of the potentially responsible parties are no longer in business. The future increase in landing fees and/or other charges may be material but cannot be reasonably estimated due to various factors, including the unknown extent of the remedial actions that may be required, the proportion of the cost that will ultimately be recovered from the responsible parties, and uncertainties regarding the environmental agencies that will ultimately supervise the remedial activities and the nature of that supervision. The ultimate resolution is not, however, expected to have a significant impact on the financial position or liquidity of AMR.

In April 1995, American announced an agreement to sell 12 of its McDonnell Douglas MD-11 aircraft to Federal Express Corporation (FedEx), with delivery of the aircraft between 1996 and 1999. No gain or loss is expected to be recognized as a result of this transaction. Six aircraft had been delivered as of December 31, 1997. The carrying value of the six remaining aircraft American has committed to sell was approximately \$357 million as of December 31, 1997. In addition, American has the option to sell its remaining seven MD-11 aircraft with deliveries between 2000 and 2002.

3. COMMITMENTS AND CONTINGENCIES (CONTINUED)

AMR and American have included an event risk covenant in approximately \$3.1 billion of debt and lease agreements. The covenant permits the holders of such instruments to receive a higher rate of return (between 50 and 700 basis points above the stated rate) if a designated event, as defined, should occur and the credit rating of the debentures or the debt obligations underlying the lease agreements is downgraded below certain levels.

Special facility revenue bonds have been issued by certain municipalities, primarily to purchase equipment and improve airport facilities which are leased by American. In certain cases, the bond issue proceeds were loaned to American and are included in long-term debt. Certain bonds have rates that are periodically reset and are remarketed by various agents. In certain circumstances, American may be required to purchase up to \$437 million of the special facility revenue bonds prior to scheduled maturity, in which case American has the right to resell the bonds or to use the bonds to offset its lease or debt obligations. American may borrow the purchase price of these bonds under standby letter of credit agreements. At American's option, these letters of credit are secured by funds held by bond trustees and by approximately \$492 million of short-term investments.

4. LEASES

AMR's subsidiaries lease various types of equipment and property, including aircraft, passenger terminals, equipment and various other facilities. The future minimum lease payments required under capital leases, together with the present value of net minimum lease payments, and future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 1997, were (in millions):

Year Ending December 31,	Capital Leases -----	Operating Leases -----
1998	\$ 255	\$ 1,011
1999	250	985
2000	315	935
2001	297	931
2002	247	887
2003 and subsequent	1,206 -----	13,366 -----
	2,570(1)	\$ 18,115(2) =====
Less amount representing interest	806 -----	
Present value of net minimum lease payments	\$ 1,764 =====	

(1) Future minimum payments required under capital leases include \$192 million guaranteed by AMR relating to special facility revenue bonds issued by municipalities.

(2) Future minimum payments required under operating leases include \$6.2 billion guaranteed by AMR relating to special facility revenue bonds issued by municipalities.

At December 31, 1997, the Company had 186 jet aircraft and 44 turboprop aircraft under operating leases, and 82 jet aircraft and 63 turboprop aircraft under capital leases. The aircraft leases can generally be renewed at rates based on fair market value at the end of the lease term for one to five years. Most aircraft leases have purchase options at or near the end of the lease term at fair market value, but generally not to exceed a stated percentage of the defined lessor's cost of the aircraft or at a predetermined fixed amount.

During 1996, American made prepayments totaling \$565 million on cancelable operating leases it had on 12 of its Boeing 767-300 aircraft. Upon the expiration of the amended leases, American can purchase the aircraft for a nominal amount. As a result, the aircraft are recorded as flight equipment under capital leases.

Rent expense, excluding landing fees, was \$1.2 billion for 1997 and 1996 and \$1.3 billion for 1995.

5. INDEBTEDNESS

Long-term debt (excluding amounts maturing within one year) consisted of (in millions):

	December 31,	
	----- 1997	1996 -----
6.50% - 10.70% notes due through 2021	\$ 1,469	\$ 1,859
8.625% - 10.20% debentures due through 2021	437	506
Variable rate indebtedness due through 2024 (3.55% - 6.824% at December 31, 1997)	135	162
6.0% - 9.25% bonds due through 2031	176	176
Other	43	49
	-----	-----
Long-term debt, less current maturities	\$ 2,260	\$ 2,752
	=====	=====

Maturities of long-term debt (including sinking fund requirements) for the next five years are: 1998 - \$397 million; 1999 - \$34 million; 2000 - \$230 million; 2001 - \$436 million; 2002 - \$66 million.

During 1996, AMR repurchased and/or retired prior to scheduled maturity approximately \$1.1 billion in face value of long-term debt and capital lease obligations. Cash from operations provided the funding for the repurchases and retirements. These transactions resulted in an extraordinary loss of \$136 million (\$89 million after tax) in 1996. In May 1996, the Company's convertible debentures were converted into common stock of AMR, which resulted in an \$834 million decrease in long-term debt and an \$817 million increase in stockholders' equity (net of conversion fees and issuance costs).

American has a \$1.0 billion credit facility agreement which expires December 19, 2001. At American's option, interest on the agreement can be calculated on one of several different bases. For most borrowings, American would anticipate choosing a floating rate based upon the London Interbank Offered Rate (LIBOR). At December 31, 1997, no borrowings were outstanding under the agreement.

Certain debt is secured by aircraft, engines, equipment and other assets having a net book value of approximately \$739 million. In addition, certain of American's debt and credit facility agreements contain restrictive covenants, including a cash flow coverage test and a minimum net worth requirement, which could affect AMR's ability to pay dividends. At December 31, 1997, under the most restrictive provisions of those agreements, approximately \$1.9 billion of American's retained earnings were available for payment of dividends to AMR.

Cash payments for interest were \$409 million, \$515 million and \$685 million for 1997, 1996 and 1995, respectively.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As part of the Company's risk management program, AMR uses a variety of financial instruments, including interest rate swaps, fuel swaps and currency exchange agreements. The Company does not hold or issue derivative financial instruments for trading purposes.

NOTIONAL AMOUNTS AND CREDIT EXPOSURES OF DERIVATIVES

The notional amounts of derivative financial instruments summarized in the tables which follow do not represent amounts exchanged between the parties and, therefore, are not a measure of the Company's exposure resulting from its use of derivatives. The amounts exchanged are calculated based on the notional amounts and other terms of the instruments, which relate to interest rates, exchange rates or other indices.

The Company is exposed to credit losses in the event of non-performance by counterparties to these financial instruments, but it does not expect any of the counterparties to fail to meet its obligations. The credit exposure related to these financial instruments is represented by the fair value of contracts with a positive fair value at the reporting date, reduced by the effects of master netting agreements. To manage credit risks, the Company selects counterparties based on credit ratings, limits its exposure to a single counterparty under defined guidelines, and monitors the market position of the program and its relative market position with each counterparty. The Company also maintains industry-standard security agreements with the majority of its counterparties which may require the Company or the counterparty to post collateral if the value of these instruments falls below certain mark-to-market thresholds. As of December 31, 1997, no collateral was required under these agreements, and the Company does not expect to post collateral in the near future.

INTEREST RATE RISK MANAGEMENT

American enters into interest rate swap contracts to effectively convert a portion of its fixed-rate obligations to floating-rate obligations. These agreements involve the exchange of amounts based on a floating interest rate for amounts based on fixed interest rates over the life of the agreement without an exchange of the notional amount upon which the payments are based. The differential to be paid or received as interest rates change is accrued and recognized as an adjustment of interest expense related to the obligation. The related amount payable to or receivable from counterparties is included in current liabilities or assets. The fair values of the swap agreements are not recognized in the financial statements. Gains and losses on terminations of interest rate swap agreements are deferred as an adjustment to the carrying amount of the outstanding obligation and amortized as an adjustment to interest expense related to the obligation over the remaining term of the original contract life of the terminated swap agreement. In the event of the early extinguishment of a designated obligation, any realized or unrealized gain or loss from the swap would be recognized in income coincident with the extinguishment.

The following table indicates the notional amounts and fair values of the Company's interest rate swap agreements (in millions):

	December 31,			
	1997		1996	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest rate swap agreements	\$ 1,410	\$ 12	\$ 1,480	\$ (9)

The fair values represent the amount the Company would pay or receive to terminate the agreements at December 31, 1997 and 1996, respectively.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

At December 31, 1997, the weighted-average remaining life of the interest rate swap agreements in effect was 3.7 years. The weighted-average floating rates and fixed rates on the contracts outstanding were:

	December 31,	
	1997	1996
Average floating rate	5.901%	5.728%
Average fixed rate	5.844%	5.627%

Floating rates are based primarily on LIBOR and may change significantly, affecting future cash flows.

FUEL PRICE RISK MANAGEMENT

American enters into fuel swap contracts to protect against increases in jet fuel prices. Under the agreements, American receives or makes payments based on the difference between a fixed price and a variable price for certain fuel commodities. The changes in market value of such agreements have a high correlation to the price changes of the fuel being hedged. Gains and losses on fuel swap agreements are recognized as a component of fuel expense when the underlying fuel being hedged is used. Gains and losses on fuel swap agreements would be recognized immediately were the changes in the market value of the agreements to cease to have a high correlation to the price changes of the fuel being hedged. At December 31, 1997, American had agreements with broker-dealers to exchange payments on approximately 847 million gallons of fuel products, which represents approximately 23 percent of its expected 1998 fuel needs and approximately eight percent of its expected 1999 fuel needs. The fair value of the Company's fuel swap agreements at December 31, 1997, representing the amount the Company would pay to terminate the agreements, totaled \$34 million.

FOREIGN EXCHANGE RISK MANAGEMENT

To hedge against the risk of future exchange rate fluctuations on a portion of American's foreign cash flows, the Company enters into various currency put option agreements on a number of foreign currencies. The option contracts are denominated in the same foreign currency in which the projected foreign cash flows are expected to occur. These contracts are designated and effective as hedges of probable quarterly foreign cash flows for various periods through September 30, 1999, which otherwise would expose the Company to foreign currency risk. Realized gains on the currency put option agreements are recognized as a component of passenger revenues. At December 31, 1997, the notional amount related to these options totaled approximately \$602 million and the fair value, representing the amount AMR would receive to terminate the agreements, totaled approximately \$42 million.

The Company has entered into Japanese yen currency exchange agreements to effectively convert certain lease obligations into dollar-based obligations. Changes in the value of the agreements due to exchange rate fluctuations are offset by changes in the value of the foreign currency denominated lease obligations translated at the current exchange rate. Discounts or premiums are accreted or amortized as an adjustment to interest expense over the lives of the underlying lease obligations. The related amounts due to or from counterparties are included in other liabilities or other assets. The net fair values of the Company's currency exchange agreements, representing the amount AMR and American would pay or receive to terminate the agreements, were:

	December 31,			
	1997		1996	
	Notional Amount	Fair Value (in millions)	Notional Amount	Fair Value (in millions)
Japanese yen	24.5 billion	\$ (15)	24.7 billion	\$ 14

The exchange rates on the Japanese yen agreements range from 66.50 to 118.80 yen per U.S. dollar.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of the Company's long-term debt were estimated using quoted market prices where available. For long-term debt not actively traded, fair values were estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amounts and estimated fair values of the Company's long-term debt, including current maturities, were (in millions):

	December 31,			
	1997		1996	
	Carrying Value	Fair Value	Carrying Value	Fair Value
6.50% - 10.70% notes	\$ 1,859	\$ 2,088	\$ 2,214	\$ 2,406
8.625% - 10.20% debentures	437	540	564	648
Variable rate indebtedness	136	136	165	165
6.0% - 9.25% bonds	176	194	176	180
Other	49	50	57	58
	-----	-----	-----	-----
	\$ 2,657	\$ 3,008	\$ 3,176	\$ 3,457
	=====	=====	=====	=====

All other financial instruments are either carried at fair value or their carrying value approximates fair value.

7. INCOME TAXES

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

	Year Ended December 31,		
	1997	1996	1995
Current	\$ 299	\$ 310	\$ 112
Deferred	362	218	50
	-----	-----	-----
	\$ 661	\$ 528	\$ 162
	=====	=====	=====

The income tax provision includes a federal income tax provision of \$573 million, \$463 million and \$133 million for the years ended December 31, 1997, 1996 and 1995, respectively.

7. INCOME TAXES (CONTINUED)

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

	Year Ended December 31,		
	1997	1996	1995
Statutory income tax provision	\$ 576	\$ 572	\$ 125
State income tax provision, net	47	36	11
Meal expense	21	18	22
Minority interest	12	1	--
Gain on sale of stock by subsidiary	--	(174)	--
Change in valuation allowance	--	60	--
Other, net	5	15	4
Income tax provision	\$ 661	\$ 528	\$ 162

The change in valuation allowance in 1996 relates to the deferred tax asset resulting from the write-off of AMR's investment in Canadian Airlines International Limited (see Note 14) and expiring foreign tax credits.

The components of AMR's deferred tax assets and liabilities were (in millions):

	December 31,	
	1997	1996
Deferred tax assets:		
Alternative minimum tax credit carryforwards	\$ 862	\$ 680
Postretirement benefits other than pensions	583	550
Rent expense	323	231
Gains from lease transactions	234	248
Frequent flyer obligation	232	172
Other	417	603
Operating loss carryforwards	--	345
Valuation allowance	(72)	(72)
Total deferred tax assets	2,579	2,757
Deferred tax liabilities:		
Accelerated depreciation and amortization	(2,964)	(2,679)
Pensions	(94)	(144)
Other	(220)	(273)
Total deferred tax liabilities	(3,278)	(3,096)
Net deferred tax liability	\$ (699)	\$ (339)

At December 31, 1997, AMR had available for federal income tax purposes approximately \$862 million of alternative minimum tax credit carryforwards available for an indefinite period.

Cash payments (refunds) for income taxes were \$423 million, \$194 million and \$(36) million for 1997, 1996 and 1995, respectively.

8. COMMON AND PREFERRED STOCK

In January 1998, the Board of Directors approved an amendment to the Company's Certificate of Incorporation increasing the total number of authorized shares of all classes of stock to 770 million, of which 20 million may be shares of preferred stock (without par value) and 750 million may be shares of common stock (\$1 par value). The amendment to the Company's Certificate of Incorporation will be presented to the Company's stockholders for approval at the Company's 1998 annual meeting.

9. STOCK AWARDS AND OPTIONS

Under the 1988 Long Term Incentive Plan (1988 Plan), as amended in 1994, officers and key employees of AMR and its subsidiaries may be granted stock options, stock appreciation rights, restricted stock, deferred stock, stock purchase rights, other stock-based awards and/or performance related awards, including cash bonuses. The total number of common shares authorized for distribution under the 1988 Plan is 7,200,000 shares. In the event that additional shares of the Company's common stock are issued, 7.65 percent of such newly issued shares will be allocated to the 1988 Plan. The 1988 Plan will terminate no later than May 18, 1998. Options are awarded with an exercise price equal to the fair market value of the stock on date of grant, becoming exercisable in equal annual installments over five years following the date of grant and expiring 10 years from the date of grant. Stock appreciation rights may be granted in tandem with options awarded. As of January 1, 1996, all outstanding stock appreciation rights were canceled, while the underlying stock options remain in effect.

In January 1998, the Board of Directors approved the 1998 Long Term Incentive Plan (1998 Plan), the successor plan to the 1988 Plan. The 1998 Plan will be presented to the Company's stockholders for approval at the Company's 1998 annual meeting. If approved, the 1998 Plan will become effective on May 21, 1998 and will terminate on May 21, 2008. Under the 1998 Plan, officers and key employees of AMR and its subsidiaries may be granted stock options, stock appreciation rights, restricted stock, deferred stock, stock purchase rights, other stock based awards and/or performance related awards, including cash bonuses. The 1998 Plan authorizes the issuance of 5,000,000 shares.

In 1997, the total charge for stock compensation expense included in wages, salaries and benefits expense was \$75 million. No compensation expense was recognized for stock option grants under the 1988 Plan since the exercise price of the Company's stock option grants was the fair market value of the underlying stock on the date of grant.

Stock option activity was:

	Year Ended December 31,					
	1997		1996		1995	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	
Outstanding at January 1	1,831,795	\$ 67.19	2,322,780	\$ 62.85	2,404,010	
Granted	447,740	104.57	392,475	78.43	440,600	
Exercised	(492,888)	64.35	(580,800)	59.41	(390,510)	
Canceled(1)	(33,260)	67.64	(302,660)	62.97	(131,320)	
Outstanding at December 31	<u>1,753,387</u>	\$ 77.54	<u>1,831,795</u>	\$ 67.19	<u>2,322,780</u>	

(1) Includes 235,950 options canceled upon conversion to The SABRE Group stock options for 1996 and 20,500 options canceled upon exercise of stock appreciation rights for 1995.

9. STOCK AWARDS AND OPTIONS (CONTINUED)

The following table summarizes information about the stock options outstanding at December 31, 1997:

Range of Exercise Prices	Number of Options Outstanding	Weighted-Average Remaining Life (years)	Weighted-Average Exercise Price	Number of Options Exercisable	Weighted-Average Exercise Price
\$40-\$58	305,292	5.25	\$54.66	189,472	\$54.14
\$61-\$70	428,790	5.49	66.26	272,270	65.35
\$71-\$94	605,005	8.04	77.60	146,505	77.12
\$97-\$116	414,300	9.65	105.97	-	-
	1,753,387	7.30	\$77.54	608,247	\$64.69

In May 1997, in conjunction with the labor agreement reached between American and members of the Allied Pilots Association, the Company established the Pilots Stock Option Plan (The Pilot Plan). The Pilot Plan granted members of the Allied Pilots Association the option to purchase 5.75 million shares of AMR stock at \$83.375 per share, \$10 less than the average fair market value of the stock on the date of grant, May 5, 1997. These shares were exercisable immediately.

Pilot Plan option activity was:

	Year Ended December 31, 1997
	Options
Outstanding at January 1	--
Granted	5,750,000
Exercised	(2,030,890)
Outstanding at December 31	3,719,110

The weighted-average grant date fair value of all stock option awards granted during 1997 and 1996 was \$22.01 and \$25.80, respectively.

Shares of deferred stock are awarded at no cost to officers and key employees under the 1988 Plan's Career Equity Program and will be issued upon the individual's retirement from AMR or, in certain circumstances, will vest on a pro rata basis. Deferred stock activity was:

	Year Ended December 31,		
	1997	1996	1995
Outstanding at January 1	1,197,331	1,424,058	1,496,803
Granted	87,750	102,650	120,300
Issued	(33,670)	(54,724)	(116,016)
Canceled(1)	(22,816)	(274,653)	(77,029)
Outstanding at December 31	1,228,595	1,197,331	1,424,058

(1) Includes 210,400 shares canceled upon conversion to The SABRE Group stock options and awards for 1996.

The weighted-average grant date fair value of career equity awards granted during 1997 and 1996 was \$109.96 and \$79.27, respectively.

9. STOCK AWARDS AND OPTIONS (CONTINUED)

A performance share plan was implemented in 1993 under the terms of which shares of deferred stock are awarded at no cost to officers and key employees under the 1988 Plan. The shares vest over a three-year performance period based upon AMR's ratio of operating cash flow to adjusted assets. Performance share activity was:

	Year Ended December 31,		
	1997	1996	1995
Outstanding at January 1	839,730	824,411	508,330
Granted	404,368	382,307	340,991
Issued	(95,383)	(68,504)	--
Awards settled in cash	(256,532)	(178,088)	--
Canceled(1)	(23,546)	(120,396)	(24,910)
Outstanding at December 31	868,637	839,730	824,411

(1) Includes 90,551 shares canceled upon conversion to The SABRE Group stock awards for 1996.

The weighted-average grant date fair value of performance share awards granted during 1997 and 1996 was \$104.55 and \$78.81, respectively.

There were 9.1 million shares of AMR's common stock at December 31, 1997 reserved for the issuance of stock upon the exercise of options and the issuance of stock awards.

The SABRE Group has established the 1996 Long Term Incentive Plan (1996 Plan), whereby its officers and other key employees may be granted stock options and other stock-based awards. Initially, 13 million shares of The SABRE Group's Class A Common Stock were authorized to be issued under the 1996 Plan. At December 31, 1997, approximately 3.8 million shares of The SABRE Group's Class A Common Stock were outstanding under the 1996 Plan.

In January 1998, in connection with the information technology services agreement executed between The SABRE Group and US Airways, Inc., The SABRE Group granted two tranches of stock options to US Airways, each to acquire three million shares of The SABRE Group's Class A Common Stock. US Airways may select an alternative vehicle of substantially equivalent value in place of receiving stock. The first tranche of options is exercisable during the six month period ending two years after the transfer of US Airways' information technology assets, has an exercise price of \$27 per share and is subject to a cap on share price of \$90. The second tranche of options is exercisable during the 10 year period beginning on the fifth anniversary of the asset transfer date, has an exercise price of \$27 per share and is subject to a cap on share price of \$127.

The Company has adopted the pro forma disclosure features of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). As required by SFAS 123, pro forma information regarding net earnings and earnings per share has been determined as if the Company and The SABRE Group had accounted for its employee stock options and awards granted subsequent to December 31, 1994 using the fair value method prescribed by SFAS 123. The fair value for the stock options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1997, 1996 and 1995: risk-free interest rates ranging from 5.80% to 6.70%; dividend yields of 0%; expected stock volatility ranging from 25.0% to 29.0%; and expected life of the options of 4.5 years for all Plans, with the exception of The Pilot Plan which was 1.5 years.

9. STOCK AWARDS AND OPTIONS (CONTINUED)

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. In addition, because SFAS 123 is applicable only to options and stock-based awards granted subsequent to December 31, 1994, its pro forma effect will not be fully reflected until 1999.

The Company's pro forma net earnings and earnings per share assuming the Company had accounted for its employee stock options using the fair value method would have resulted in 1997 net earnings of \$960 million and basic and diluted earnings per share of \$10.77 and \$10.50, respectively. The pro forma effect of SFAS 123 is immaterial to the Company's 1996 and 1995 net earnings and earnings per share.

10. RETIREMENT BENEFITS

Substantially all employees of American and employees of certain other subsidiaries are eligible to participate in pension plans. The defined benefit plans provide benefits for participating employees based on years of service and average compensation for a specified period of time before retirement. Airline pilots and flight engineers also participate in defined contribution plans for which Company contributions are determined as a percentage of participant compensation.

Total costs for all pension plans were (in millions):

	Year Ended December 31,		
	1997	1996	1995
Defined benefit plans:			
Service cost - benefits earned during the period	\$ 189	\$ 204	\$ 165
Interest cost on projected benefit obligation	403	375	323
Return on assets	(435)	(91)	(1,288)
Net amortization and deferral	26	(322)	1,008
Net periodic pension cost for defined benefit plans	183	166	208
Defined contribution plans	142	132	124
Total	\$ 325	\$ 298	\$ 332

In addition to the pension costs shown above, in late 1995, AMR offered early retirement programs to select groups of employees as part of its restructuring efforts. In accordance with Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," AMR recognized additional pension expense of \$220 million associated with these programs in 1995 which was included in restructuring costs. Of this amount, \$118 million was for special termination benefits and \$102 million was for the actuarial losses resulting from the early retirements for 1995.

10. RETIREMENT BENEFITS (CONTINUED)

The funded status and actuarial present value of benefit obligations of the defined benefit plans were (in millions):

	December 31,			
	1997		1996	
	Plans with Assets in Excess of Accumulated Benefit Obligation	Plans with Accumulated Benefit Obligation in Excess of Assets	Plans with Assets in Excess of Accumulated Benefit Obligation	Plans with Accumulated Benefit Obligation in Excess of Assets
Vested benefit obligation	\$ 4,580	\$ 53	\$ 2,729	\$ 1,435
Accumulated benefit obligation	\$ 4,802	\$ 57	\$ 2,882	\$ 1,510
Effect of projected future salary increases	940	26	650	202
Projected benefit obligation	5,742	83	3,532	1,712
Plan assets at fair value	5,213	6	3,154	1,463
Plan assets less than projected benefit obligation	(529)	(77)	(378)	(249)
Unrecognized net loss	761	27	729	237
Unrecognized prior service cost	58	5	37	29
Unrecognized transition asset	(21)	1	(32)	--
Adjustment to record minimum pension liability	--	(11)	--	(69)
Prepaid (accrued) pension cost(1)	\$ 269	\$ (55)	\$ 356	\$ (52)

(1) AMR's funding policy is to make contributions equal to, or in excess of, the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

Plan assets consist primarily of domestic and foreign government and corporate debt securities, marketable equity securities, and money market and mutual fund shares, of which approximately \$92 million and \$71 million of plan assets at December 31, 1997 and 1996, respectively, were invested in shares of mutual funds managed by a subsidiary of AMR.

The projected benefit obligation was calculated using weighted-average discount rates of 7.25% and 7.75% at December 31, 1997 and 1996, respectively; rates of increase for compensation ranging from 4.0% to 4.20% at December 31, 1997 and 1996; and the 1983 Group Annuity Mortality Table. The weighted-average expected long-term rate of return on assets was 9.50% in 1997, 1996 and 1995. The vested benefit obligation and plan assets at fair value at December 31, 1997, for plans whose benefits are guaranteed by the Pension Benefit Guaranty Corporation were \$4.6 billion and \$5.2 billion, respectively.

10. RETIREMENT BENEFITS (CONTINUED)

In October 1997, AMR spun off the portion of its defined benefit pension plan applicable to employees of The SABRE Group to the Legacy Pension Plan (LPP), a defined benefit plan established by The SABRE Group effective January 1, 1997. At the date of the spin-off, the net obligation attributable to The SABRE Group employees participating in AMR's plan was approximately \$20 million. The SABRE Group also established The SABRE Group Retirement Plan (SGRP), a defined contribution plan. Effective January 1, 1997, employees of The SABRE Group who were under the age of 40 as of December 31, 1996 participate in the SGRP. Employees of The SABRE Group who were age 40 or over as of December 31, 1996 had the option of participating in either the SGRP or the LPP. The SABRE Group contributes 2.75 percent of each participating employee's base pay to the SGRP. The employees vest in the contributions after three years of service, including any prior service with AMR affiliates. In addition, The SABRE Group matches 50 cents of each dollar contributed by participating employees, limited to the first six percent of the employee's base pay contribution, subject to IRS limitations. Employees are immediately vested in their own contributions and the Company's matching contributions. In 1997, costs for the SGRP were \$11 million.

In addition to pension benefits, other postretirement benefits, including certain health care and life insurance benefits, are also provided to retired employees. The amount of health care benefits is limited to lifetime maximums as outlined in the plan. Substantially all employees of American and employees of certain other subsidiaries may become eligible for these benefits if they satisfy eligibility requirements during their working lives.

Certain employee groups make contributions toward funding a portion of their retiree health care benefits during their working lives. AMR funds benefits as incurred and makes contributions to match employee prefunding.

Net other postretirement benefit cost was (in millions):

	Year Ended December 31,		
	1997	1996	1995
Service cost - benefits earned during the period	\$ 48	\$ 58	\$ 48
Interest cost on accumulated other postretirement benefit obligation	95	102	101
Return on assets	(4)	(3)	(2)
Net amortization and deferral	(14)	(5)	(6)
Net other postretirement benefit cost	\$ 125	\$ 152	\$ 141

In addition to net other postretirement benefit cost, in late 1995, AMR offered early retirement programs to select groups of employees as part of its restructuring efforts. In accordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions," AMR recognized additional other postretirement benefit expense of \$93 million associated with the program in 1995 which was included in restructuring costs. Of this amount, \$26 million was for special termination benefits and \$67 million was for the net actuarial losses resulting from the early retirements for 1995.

10. RETIREMENT BENEFITS (CONTINUED)

The funded status of the plan, reconciled to the accrued other postretirement benefit cost recognized in AMR's balance sheet, was (in millions):

	December 31,	
	1997	1996
Retirees	\$ 630	\$ 593
Fully eligible active plan participants	178	128
Other active plan participants	598	492
	-----	-----
Accumulated other postretirement benefit obligation	1,406	1,213
Plan assets at fair value	56	39
	-----	-----
Accumulated other postretirement benefit obligation in excess of plan assets	1,350	1,174
Unrecognized net gain	177	300
Unrecognized prior service benefit	52	56
	-----	-----
Accrued other postretirement benefit cost	\$ 1,579	\$ 1,530
	=====	=====

Plan assets consist primarily of shares of mutual funds managed by a subsidiary of AMR.

For 1997 and 1996, future benefit costs were estimated assuming per capita cost of covered medical benefits would increase at a five and six percent annual rate, respectively, decreasing gradually to a four percent annual growth rate by 2001. A one percent increase in this annual trend rate would have increased the accumulated other postretirement benefit obligation at December 31, 1997 by approximately \$144 million and 1997 other postretirement benefit cost by approximately \$19 million. The weighted-average discount rate used in estimating the accumulated other postretirement benefit obligation was 7.25% and 7.75% at December 31, 1997 and 1996, respectively.

11. EARNINGS PER SHARE

In 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings Per Share" (SFAS 128). SFAS 128 replaced the primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. Earnings per share amounts for all periods have been presented, and where appropriate, restated to conform to the SFAS 128 requirements.

11. EARNINGS PER SHARE (CONTINUED)

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

	Year Ended December 31,		
	1997	1996	1995
NUMERATOR:			
Earnings before extraordinary loss -			
Numerator for basic earnings per share	\$ 985	\$ 1,105	\$ 191
Effect of dilutive securities:			
Interest upon assumed conversion of convertible subordinated debentures, net of tax	--	14(a)	--
Dividends upon assumed conversion of convertible preferred stock	--	1(a)	--
	--	15	--
Numerator for diluted earnings per share - income available to common shareholders after assumed conversions	\$ 985	\$ 1,120	\$ 191
DENOMINATOR:			
Denominator for basic earnings per share - weighted-average shares	89	86	76
Effect of dilutive securities:			
Convertible subordinated debentures	--	4	--
Convertible preferred stock	--	1	--
Employee options and shares	7	3	3
Treasury shares repurchased	(5)	(2)	(2)
Dilutive potential common shares	2	6	1
Denominator for diluted earnings per share - adjusted weighted-average and assumed conversions	91	92	77
Basic earnings per share	\$ 11.05	\$ 12.83	\$ 2.51
Diluted earnings per share	\$ 10.78	\$ 12.15	\$ 2.49

(a) Through date of actual conversion

12. RESTRUCTURING COSTS

In 1995, the Company recorded \$533 million for restructuring costs which included (in millions):

	Year Ended December 31, ----- 1995 -----
Special termination benefits:	
Pension	\$ 118
Other postretirement benefits	26
Other termination benefits	19
Actuarial losses:	
Pension	102
Other postretirement benefits	67

Total cost of early retirement programs	332
Provisions for aircraft impairment and retirement	193
Other	8

	\$ 533
	=====

In 1995, approximately 2,100 mechanics and fleet service clerks and 300 flight attendants elected early retirement under programs offered in conjunction with renegotiated union labor contracts, and the majority of these employees left the Company's workforce during 1996. The Company recorded restructuring costs of \$332 million in 1995 related to these early retirement programs. A large portion of the funding for the programs was done in 1995. The remaining cash payments associated with these programs will be expended as required for funding the appropriate pension and other postretirement benefit plans in future years.

The aircraft portion of the 1995 restructuring costs includes a \$145 million provision related to the write-down of certain McDonnell Douglas DC-10 aircraft. Effective January 1, 1995, AMR adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In 1995, the Company evaluated its fleet operating plan with respect to the DC-10-10 fleet and, as a result, believes that the estimated future cash flows expected to be generated by these aircraft will not be sufficient to recover their net book value. Management estimated the undiscounted future cash flows utilizing models used by the Company in making fleet and scheduling decisions. As a result of this analysis, the Company determined that a write-down of the DC-10-10 aircraft to the net present value of their estimated discounted future cash flows was warranted, which resulted in a \$112 million charge. In addition, the Company recorded a \$33 million charge to reflect a diminution in the estimated market value of certain DC-10 aircraft previously grounded by the Company. No cash costs have been incurred or are expected as a result of these DC-10 write-downs.

Also included in the aircraft restructuring costs is a \$48 million charge related to the planned early retirement in 1996 of certain turboprop aircraft operated by AMR's regional carriers. The charge relates primarily to future lease commitments on these aircraft past the dates they will be removed from service and write-down of related inventory to its estimated fair value. Cash payments on the leases in 1997 and 1996 totaled approximately \$20 million and \$8 million, respectively, and additional payments will occur over the remaining lease terms.

13. GAIN ON SALE OF STOCK BY SUBSIDIARY

Pursuant to a reorganization consummated on July 2, 1996 (the Reorganization), The SABRE Group Holdings, Inc. (a holding company incorporated on June 25, 1996) became the successor to the businesses of The SABRE Group which were formerly operated as divisions or subsidiaries of American or AMR. During October 1996, The SABRE Group Holdings, Inc. completed an initial public offering of 23,230,000 shares of its Class A Common Stock, representing 17.8 percent of its economic interest, at \$27 per share for net proceeds of approximately \$589 million. This transaction resulted in a reduction of the Company's economic interest in The SABRE Group from 100 percent to 82.2 percent. In accordance with the Company's policy of recognizing gains or losses on the sale of a subsidiary's stock based on the difference between the offering price and the Company's carrying amount of such stock, the Company recorded a \$497 million gain. The issuance of stock by The SABRE Group Holdings, Inc. was not subject to federal income taxes. In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," no income tax expense was recognized on the gain.

14. OTHER INCOME (EXPENSE) - MISCELLANEOUS

Other income (expense) - miscellaneous, net included the following (in millions):

	Year Ended December 31,		
	1997	1996	1995
Canadian Airlines charges	\$ --	\$ (251)	\$ --
Loss of aircraft	--	--	(41)
Litigation settlement	--	(21)	--
Minority interest	(36)	(2)	--
Other, net	17	(10)	(14)
	-----	-----	-----
	\$ (19)	\$ (284)	\$ (55)
	=====	=====	=====

During 1996, the Company determined that the decline in the value of its investment in the cumulative mandatorily redeemable convertible preferred stock of Canadian Airlines International Limited (Canadian) was not temporary and, in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," recorded a \$192 million charge to write down the investment to its estimated fair value. Additionally, the Company recorded a charge of \$59 million to write off certain deferred costs relating to the Company's agreement to provide a variety of services to Canadian.

The charge for loss of aircraft relates to the loss of an aircraft operated by American in 1995.

15. FOREIGN OPERATIONS

American conducts operations in various foreign countries. American's operating revenues from foreign operations were (in millions):

	Year Ended December 31,		
	1997	1996	1995
Latin America	\$ 2,716	\$ 2,438	\$ 2,316
Europe	2,035	1,967	2,059
Pacific	356	336	373
	-----	-----	-----
Foreign operating revenues	\$ 5,107	\$ 4,741	\$ 4,748
	=====	=====	=====

The SABRE Group also conducts operations in various foreign countries. The SABRE Group's operating revenues from foreign operations were \$339 million, \$284 million and \$251 million for 1997, 1996 and 1995, respectively.

16. SEGMENT INFORMATION

AMR's operations fall within three industry segments: the Airline Group, The SABRE Group and the Management Services Group. For a description of each of these groups, refer to Management's Discussion and Analysis on pages 17 and 18.

The following table presents selected financial data by industry segment (in millions):

	December 31,		
	1997	1996	1995
Airline Group:			
Total revenues	\$16,903	\$16,211	\$15,501
Intergroup revenues	47	41	--
Operating income	1,569	1,442	564
Depreciation and amortization expense	1,038	1,018	1,071
Restructuring costs	--	--	533
Capital expenditures	1,139	338	745
Identifiable assets	18,709	18,560	18,290
The SABRE Group:			
Total revenues	1,784	1,622	1,529
Intergroup revenues	526	500	548
Operating income	308	327	380
Depreciation and amortization expense	185	165	171
Capital expenditures	218	184	167
Identifiable assets	1,503	1,246	596
Management Services Group:			
Total revenues	610	620	572
Intergroup revenues	154	159	144
Operating income	49	70	71
Depreciation and amortization expense	21	21	17
Capital expenditures	33	25	16
Identifiable assets	297	287	313

Identifiable assets are gross assets used by a business segment, including an allocated portion of assets used jointly by more than one business segment. General corporate and other assets not allocated to business segments were \$406 million, \$404 million and \$357 million at December 31, 1997, 1996 and 1995, respectively, and consist primarily of income tax assets.

In the second quarter of 1996, American and The SABRE Group completed the negotiations of a new technology services agreement pursuant to which The SABRE Group performs data processing and solutions services for American. This agreement reflected the downward trend in market prices for data processing services. Additionally, the two companies completed negotiations on new agreements covering the provision of air travel and certain marketing services by American to The SABRE Group. The parties agreed to apply the financial terms of these agreements as of January 1, 1996, which is reflected in the selected segment financial data in the above table. Excluding the effects of the new agreements and the Reorganization, operating income for 1996 would have approximated \$1.38 billion for the Airline Group and \$392 million for The SABRE Group.

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

Unaudited summarized financial data by quarter for 1997 and 1996 (in millions, except per share amounts):

	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----
1997				
Operating revenues	\$4,426	\$4,710	\$4,798	\$4,636
Operating income	349	588	610	379
Net earnings	152	302	323	208
Earnings per common share:				
Basic	1.67	3.32	3.66	2.41
Diluted	1.65	3.26	3.56	2.33
1996				
Operating revenues	\$4,308	\$4,550	\$4,562	\$4,333
Operating income	401	586	588	264
Earnings before extraordinary loss	157	293	282	373
Net earnings	157	293	282	284
Earnings per common share:				
Basic				
Before extraordinary loss	2.05	3.40	3.10	4.10
Net earnings	2.05	3.40	3.10	3.12
Diluted				
Before extraordinary loss	1.84	3.20	3.06	4.05
Net earnings	1.84	3.20	3.06	3.08

Results for the third quarter of 1996 include a \$21 million provision for American's share of a multi-carrier travel agency class action litigation settlement. Results for the fourth quarter of 1996 include a \$497 million gain recorded by the Company related to the initial public offering of The SABRE Group (See Note 13), a \$251 million charge related to the write-off of the Company's investment in Canadian and certain deferred costs relating to the Company's agreement to provide a variety of services to Canadian (See Note 14) and a \$26 million charge to write down the value of aircraft interiors the Company planned to refurbish.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 1998. Information concerning the executive officers is included in Part I of this report on page 14.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 1998.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 1998.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 1998.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) The following financial statements and Independent Auditors' Report are filed as part of this report:

	Page

Report of Independent Auditors	34
Consolidated Statement of Operations for the Years Ended December 31, 1997, 1996 and 1995	35-36
Consolidated Balance Sheet at December 31, 1997 and 1996	37-38
Consolidated Statement of Cash Flows for the Years Ended December 31, 1997, 1996 and 1995	39
Consolidated Statement of Stockholders' Equity for the Years Ended December 31, 1997, 1996 and 1995	40
Notes to Consolidated Financial Statements	41-61

- (2) The following financial statement schedule and Independent Auditors' Report are filed as part of this report:

	Page

Report of Independent Auditors	69
Schedule II Valuation and Qualifying Accounts and Reserves	70

Schedules not included have been omitted because they are not applicable or because the required information is included in the consolidated financial statements or notes thereto.

- (3) Exhibits required to be filed by Item 601 of Regulation S-K. (Where the amount of securities authorized to be issued under any of AMR's long-term debt agreements does not exceed 10 percent of AMR's assets, pursuant to paragraph (b)(4) of Item 601 of Regulation S-K, in lieu of filing such as an exhibit, AMR hereby agrees to furnish to the Commission upon request a copy of any agreement with respect to such long-term debt.)

EXHIBIT

- 3.1 Restated Certificate of Incorporation of AMR, incorporated by reference to AMR's Registration Statement on Form S-4, file number 33-55191.
- 3.2 Amended Bylaws of AMR, incorporated by reference to Exhibit 10(ppp) to AMR's report on Form 10-Q for the period ended June 30, 1995.
- 3.3 Bylaws of AMR, amended as of May 21, 1997.
- 10.1 Employment Agreement among AMR, American Airlines and Robert L. Crandall, dated January 1, 1988, incorporated by reference to Exhibit 10(t) to AMR's report on Form 10-Q for the period ended March 31, 1988; amendments thereto incorporated by reference to Exhibit 10(ff) to AMR's report on Form 10-K for the year ended December 31, 1989, Exhibit 10(tt) to AMR's report on Form 10-K for the year ended December 31, 1990, Exhibit 10(uu) to AMR's report on Form 10-Q for the period ended June 30, 1992, and Exhibit 10(ooo) to AMR's report on Form 10-Q for the period ended March 31, 1995.
- 10.2 Amended and Restated Employment Agreement among AMR, American Airlines and Robert L. Crandall, dated January 21, 1998.
- 10.3 Irrevocable Executive Trust Agreement, dated as of May 1, 1992, between AMR and Wachovia Bank of North Carolina N.A., incorporated by reference to Exhibit 10(vv) to AMR's report on Form 10-K for the year ended December 31, 1992.
- 10.4 Deferred Compensation Agreement, dated April 14, 1973, as amended March 1, 1975, between American and Robert L. Crandall, incorporated by reference to Exhibit 10(c)(7) to American's Registration Statement No. 2-76709.
- 10.5 Form of Executive's Termination Benefits Agreement incorporated by reference to Exhibit 10(p) to AMR's report on Form 10-K for the year ended December 31, 1985.
- 10.6 Management Severance Allowance, dated as of February 23, 1990, for levels 1-4 employees of American Airlines, Inc., incorporated by reference to Exhibit 10(oo) to AMR's report on Form 10-K for the year ended December 31, 1989.
- 10.7 Management Severance Allowance, dated as of February 23, 1990, for level 5 and above employees of American Airlines, Inc., incorporated by reference to Exhibit 10(pp) to AMR's report on Form 10-K for the year ended December 31, 1989.

- 10.8 Description of informal arrangement relating to deferral of payment of directors' fees, incorporated by reference to Exhibit 10(c)(11) to American's Registration Statement No. 2-76709.
- 10.9 Directors Stock Equivalent Purchase Plan, incorporated by reference to Exhibit 10(gg) to AMR's report on Form 10-K for the year ended December 31, 1989.
- 10.10 Directors Stock Incentive Plan dated May 18, 1994, as amended, incorporated by reference to Exhibit 10.9 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.11 Deferred Compensation Agreement, dated as of December 27, 1995, between AMR and Howard P. Allen, incorporated by reference to Exhibit 10(sss) to AMR's report on Form 10-K for the year ended December 31, 1995.
- 10.12 Deferred Compensation Agreement, dated as of January 31, 1990, between AMR and Edward A. Brennan, incorporated by reference to Exhibit 10(hh) to AMR's report on Form 10-K for the year ended December 31, 1989.
- 10.13 Deferred Compensation Agreement, dated as of February 7, 1996, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10(ttt) to AMR's report on Form 10-K for the year ended December 31, 1995.
- 10.14 Deferred Compensation Agreement, dated as of February 10, 1997, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.13 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.15 Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Armando M. Codina.
- 10.16 Deferred Compensation Agreement, dated as of February 9, 1996, between AMR and Charles T. Fisher, III, incorporated by reference to Exhibit 10(uuu) to AMR's report on Form 10-K for the year ended December 31, 1995.
- 10.17 Deferred Compensation Agreement, dated as of January 30, 1997, between AMR and Charles T. Fisher, III, incorporated by reference to Exhibit 10.15 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.18 Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Charles T. Fisher, III.
- 10.19 Deferred Compensation Agreement, dated as of February 23, 1996, between AMR and Charles H. Pistor, Jr., incorporated by reference to Exhibit 10(vvv) to AMR's report on Form 10-K for the year ended December 31, 1995.
- 10.20 Deferred Compensation Agreement, dated as of January 30, 1997, between AMR and Charles H. Pistor, Jr., incorporated by reference to Exhibit 10.17 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.21 Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Charles H. Pistor, Jr.
- 10.22 Deferred Compensation Agreement, dated as of July 16, 1997, between AMR and Judith Rodin.
- 10.23 Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Judith Rodin.

- 10.24 Description of American's Split Dollar Insurance Program, dated December 28, 1977, incorporated by reference to Exhibit 10(c)(1) to American's Registration Statement No. 2-76709.
- 10.25 AMR Corporation 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10(t) to AMR's report on Form 10-K for the year ended December 31, 1988.
- 10.26 Amendment to AMR's 1988 Long-term Incentive Plan dated May 18, 1994, incorporated by reference to Exhibit A to AMR's definitive proxy statement with respect to the annual meeting of stockholders held on May 18, 1994.
- 10.27 Form of Stock Option Agreement for Corporate Officers under the AMR 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10(rr) to AMR's report on Form 10-K for the year ended December 31, 1990.
- 10.28 Current form of Stock Option Agreement under the AMR 1988 Long-Term Incentive Plan.
- 10.29 Form of Career Equity Program Agreement, incorporated by reference to Exhibit 10(nnn) to AMR's report on Form 10-K for the year ended December 31, 1994.
- 10.30 Current Form of Career Equity Program Deferred Stock Award Agreement for Corporate Officers under the AMR 1988 Long-Term Incentive Plan.
- 10.31 Current form of Career Equity Program Deferred Stock Award Agreement for non-officers under the AMR 1988 Long-Term Incentive Plan.
- 10.32 Form of Guaranty to Career Equity Program under the AMR 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10(ccc) to AMR's report on Form 10-K for the year ended December 31, 1993.
- 10.33 Performance Share Program for the years 1994 to 1996 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10(111) to AMR's report on Form 10-K for the year ended December 31, 1994.
- 10.34 Performance Share Program for the years 1995 to 1997 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10(ooo) to AMR's report on Form 10-K for the year ended December 31, 1995.
- 10.35 Performance Share Program for the years 1996 to 1998 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10.26 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.36 Performance Share Program for the years 1997 to 1999 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10.27 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.37 Form of Performance Share Program for the years 1997 to 1999 under the 1988 Long-term Incentive Program.
- 10.38 Performance Share Program for the years 1998 to 2000 under the 1988 Long-term Incentive Program.
- 10.39 American Airlines, Inc. Supplemental Executive Retirement Program, as amended January 1997, incorporated by reference to Exhibit 10.28 to AMR's report on Form 10-K for the year ended December 31, 1996.

- 10.40 American Airlines, Inc. 1987 Executive Deferral Plan, as amended through 1997.
- 10.41 American Airlines, Inc. 1996 Employee Profit Sharing Plan, incorporated by reference to Exhibit 10.29 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.42 American Airlines, Inc. 1997 Employee Profit Sharing Plan, incorporated by reference to Exhibit 10.30 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.43 American Airlines, Inc. 1998 Employee Profit Sharing Plan.
- 10.44 American Airlines, Inc. 1996 Incentive Compensation Plan for Officers and Key Employees, incorporated by reference to Exhibit 10(qqq) to AMR's report on Form 10-K for the year ended December 31, 1995.
- 10.45 American Airlines, Inc. 1997 Incentive Compensation Plan for Officers and Key Employees, incorporated by reference to Exhibit 10.32 to AMR's report on Form 10-K for the year ended December 31, 1996.
- 10.46 American Airlines, Inc. 1998 Incentive Compensation Plan for Officers and Key Employees.
- 10.47 Aircraft Sales Agreement by and between American Airlines, Inc. and Federal Express Corporation, dated April 7, 1995, incorporated by reference to Exhibit 10(rrr) to AMR's report on Form 10-K for the year ended December 31, 1995. Confidential treatment was granted as to a portion of this document.
- 10.48 Aircraft Purchase Agreement by and between American Airlines, Inc. and The Boeing Company, dated October 31, 1997. Confidential treatment has been requested as to a portion of this document.
- 10.49 Aircraft Purchase Agreement by and between AMR Eagle Holding Corporation and Bombardier Inc., dated January 31, 1998. Confidential treatment has been requested as to a portion of this document.
- 10.50 Aircraft Purchase Agreement by and between AMR Eagle, Inc. and Embraer-Empresa Brasileira de Aeronautica S.A., dated December 22, 1997. Confidential treatment has been requested as to a portion of this document.
- 10.51 The SABRE Group, Inc. Long-Term Incentive Plan, incorporated by reference to Exhibit 10.25 to The SABRE Group Holdings, Inc.'s Registration Statement on Form S-1, file number 333-09747.
- 10.52 The SABRE Group, Inc. Directors' Stock Incentive Plan, incorporated by reference to Exhibit 10.26 to The SABRE Group Holdings, Inc.'s Registration Statement on Form S-1, file number 333-09747.
- 10.53 Form of Executive Termination Benefits Agreement for The SABRE Group, Inc., incorporated by reference to Exhibit 10.27 to The SABRE Group Holdings, Inc.'s Registration Statement on Form S-1, file no. 333-09747.

- 21 Significant subsidiaries of the registrant as of December 31, 1997.
- 23 Consent of Independent Auditors.
- 27.1 Financial Data Schedule as of December 31, 1997.
- 27.2 Restated Financial Data Schedule as of December 31, 1996.
- 27.3 Restated Financial Data Schedule as of December 31, 1995.

(b) Reports on Form 8-K:

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMR CORPORATION

/s/ Robert L. Crandall

Robert L. Crandall
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

/s/ Gerard J. Arpey

Gerard J. Arpey
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 25, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates noted:

Directors:

/s/ David L. Boren

David L. Boren

/s/ Dee J. Kelly

Dee J. Kelly

/s/ Edward A. Brennan

Edward A. Brennan

/s/ Ann D. McLaughlin

Ann D. McLaughlin

/s/ Armando M. Codina

Armando M. Codina

/s/ Charles H. Pistor, Jr.

Charles H. Pistor, Jr.

/s/ Christopher F. Edley

Christopher F. Edley

/s/ Joe M. Rodgers

Joe M. Rodgers

/s/ Charles T. Fisher, III

Charles T. Fisher, III

/s/ Judith Rodin

Judith Rodin

/s/ Earl G. Graves

Earl G. Graves

/s/ Maurice Segall

Maurice Segall

Date: March 25, 1998

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
AMR Corporation

We have audited the consolidated financial statements of AMR Corporation as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, and have issued our report thereon dated January 19, 1998. Our audits also included Schedule II - Valuation and Qualifying Accounts and Reserves. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

2121 San Jacinto
Dallas, Texas 75201
January 19, 1998

AMR CORPORATION
 SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
 (DEDUCTED FROM ASSET TO WHICH APPLICABLE)
 (IN MILLIONS)

	BALANCE AT BEGINNING OF YEAR -----	OTHER OPERATING EXPENSES -----	DEPREC. AND AMORT. -----	CHARGED TO -----			BALANCE AT END OF YEAR -----
				RESTRUCT COSTS -----	NET WRITE- OFF -----	SALES, RETIRE- MENTS AND TRANSFERS -----	
YEAR ENDED DECEMBER 31, 1997							
Allowance for uncollectible accounts	\$ 17	\$ 26	\$ --	\$ --	\$ (19)	\$ --	\$ 24
Allowance for obsolescence of inventories	213	--	36	--	--	(46)	203
YEAR ENDED DECEMBER 31, 1996							
Allowance for uncollectible accounts	18	20	--	--	(21)	--	17
Allowance for obsolescence of inventories	250	--	23	--	--	(60)	213
YEAR ENDED DECEMBER 31, 1995							
Allowance for uncollectible accounts	26	17	--	--	(25)	--	18
Allowance for obsolescence of inventories	179	--	38	18	--	15	250

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
3.3	Bylaws of AMR, amended as of May 21, 1997.
10.2	Amended and Restated Employment Agreement among AMR, American Airlines and Robert L. Crandall, dated January 21, 1998.
10.15	Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Armando M. Codina.
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- 23 Consent of Independent Auditors.
- 27.1 Financial Data Schedule as of December 31, 1997.
- 27.2 Restated Financial Data Schedule as of December 31, 1996.
- 27.3 Restated Financial Data Schedule as of December 31, 1995.

AMR CORPORATION

BYLAWS

(As amended May 21, 1997)

ARTICLE I

Offices

The registered office of the corporation in the State of Delaware is to be located in the City of Wilmington, County of New Castle. The corporation may have other offices within and without the State of Delaware.

ARTICLE II

Meetings of Stockholders

Section 1. Annual Meetings. An annual meeting of stockholders to elect directors and to take action upon such other matters as may properly come before the meeting shall be held on the third Wednesday in May of each year, or on such other day, and at such time and at such place, within or without the State of Delaware, as the board of directors or the chairman of the board may from time to time fix.

Any stockholder wishing to bring a matter before an annual meeting must notify the secretary of the corporation of such fact not less than sixty nor more than ninety days before the date of the meeting. Such notice shall be in writing and shall set forth the business proposed to be brought before the meeting, shall identify the stockholder and shall disclose the stockholder's interest in the proposed business.

Section 2. Special Meetings. A special meeting of stockholders shall be called by the secretary upon receipt of a request in writing of the board of directors, the chairman of the board or the president. Any such meeting shall be held at the principal business office of the corporation unless the board shall name another place therefor, at the time specified by the body or persons calling such meeting.

Section 3. Nominees For Election As Director. Nominations for election as director, other than those made by or at the direction of the board of directors, must be made by timely notice to the secretary, setting forth as to each nominee the information required to be included in a proxy statement under the proxy rules of the Securities and Exchange Commission. If such election is to occur at an annual meeting of stockholders, notice shall be timely if it meets the requirements of such proxy rules for proposals of security holders to be presented at an annual meeting. If such election is to occur at a special meeting of stockholders, notice shall be timely if received not less than ninety days prior to such meeting.

Section 4. Notice of Meetings. Written notice of each meeting of stockholders shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, such notice shall be mailed, postage prepaid, to each stockholder entitled to vote at such meeting, at his address as it appears on the records of the corporation, not less than ten nor more than sixty days before the date of the meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty days or a new record date is

fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. Chairman and Secretary at Meetings. At any meeting of stockholders the chairman of the board, or in his absence, the president, or if neither such person is available, then a person designated by the board of directors, shall preside at and act as chairman of the meeting. The secretary, or in his absence a person designated by the chairman of the meeting, shall act as secretary of the meeting.

Section 6. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 7. Quorum. At all meetings of the stockholders the holders of one-third of the number of shares of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum requisite for the election of directors and the transaction of other business, except as otherwise provided by law or by the certificate of incorporation or by any resolution of the board of directors creating any series of Preferred Stock.

If holders of the requisite number of shares to constitute a quorum shall not be present in person or represented by proxy at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time until a quorum shall be present or represented. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Voting. At any meeting of stockholders, except as otherwise provided

by law or by the certificate of incorporation or by any resolution of the board of directors creating any series of Preferred Stock:

(a) Each holder of record of a share or shares of stock on the record date for determining stockholders entitled to vote at such meeting shall be entitled to one vote in person or by proxy for each share of stock so held.

(b) Directors shall be elected by a plurality of the votes cast by the holders of Common Stock, present in person or by proxy.

(c) Each other question properly presented to any meeting of stockholders shall be decided by a majority of the votes cast on the question entitled to vote thereon.

(d) Elections of directors shall be by ballot but the vote upon any other question shall be by ballot only if so ordered by the chairman of the meeting or if so requested by stockholders, present in person or represented by proxy, entitled to vote on the question and holding at least 10% of the shares so entitled to vote.

Section 9. Action By Written Consent. Any stock- holder seeking to act by written consent of stockholders shall notify the secretary in writing of such intent and shall request the board of directors to fix a record date for determining the stockholders entitled to vote by consent. The notice shall specify the actions sought to be taken and, if the election of one or more individuals as director is sought, shall include as to each nominee the information required to be included in a proxy statement under the proxy rules of the Securities and Exchange Commission. Such record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the board of directors.

The board of directors shall promptly, but in all events within ten (10) days after the date on which the written request for fixing a record date was received by the secretary, adopt a resolution fixing the record date. If no record date has been fixed by the board of directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to vote by consent, when no prior action by the board of directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken was delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by applicable law, the record date for determining stockholders entitled to vote by consent shall be at the close of business on the date on which the board of directors adopts the resolution taking such prior action.

Section 10. List of Stockholders. At least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder shall be prepared. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where

the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 11. Judges of Election. Whenever a vote at a meeting of stockholders shall be by ballot, or whenever written consent to action is sought, the proxies and ballots or consents shall be received and taken charge of, and all questions touching on the qualification of voters and the validity of proxies and consents and the acceptance and rejection of votes shall be decided by two judges of election. In the case of a meeting of stockholders, such judges of election shall be appointed by the board of directors before or at the meeting, and if no such appointment shall have been made, then by the stockholders at the meeting. In the case of a solicitation of consents, such judges of election shall be appointed by the board of directors on or before the record date for determining the stockholders entitled to vote by consent, and if no such appointment shall have been made, then by the chairman of the board or the president. If for any reason either of the judges of election previously appointed shall fail to attend or refuse or be unable to serve, a judge of election in place of any so failing to attend or refusing or unable to serve, shall be appointed by the board of directors, the stockholders at the meeting, the chairman of the board or the president.

ARTICLE III

Directors: Number, Election, Etc.

Section 1. Number. The board of directors shall consist of such number of members, not less than three, as the board of directors may from time to time determine by resolution, plus such additional persons as the holders of the Preferred Stock may be entitled from time to time,

pursuant to the provisions of any resolution of the board of directors creating any series of Preferred Stock, to elect to the board of directors.

Section 2. Election, Term, Vacancies. Directors shall be elected each year at the annual meeting of stockholders, except as hereinafter provided, and shall hold office until the next annual election and until their successors are duly elected and qualified. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum.

Section 3. Resignation. Any director may resign at any time by giving written notice of such resignation to the board of directors, the chairman of the board, the president or the secretary. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon the receipt thereof by the board of directors or one of the above-named officers and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal. Any director may be removed from office at any time, with or without cause, by a vote of a majority of a quorum of the stockholders entitled to vote at any regular meeting or at any special meeting called for the purpose.

Section 5. Fees and Expenses. Directors shall receive such fees and expenses as the board of directors shall from time to time prescribe.

ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the board of directors shall be held at the principal office of the corporation, or at such other place (within or without the State of Delaware), and at such time, as may from time to time be prescribed by the board of directors or stockholders. A regular annual meeting of the board of directors for the election of officers and the transaction of other business shall be held on the same day as the annual meeting of the stockholders or on such other day and at such time and place as the board of directors shall determine. No notice need be given of any regular meeting.

Section 2. Special Meetings. Special meetings of the board of directors may be held at such place (within or without the State of Delaware) and at such time as may from time to time be determined by the board of directors or as may be specified in the call and notice of any meeting. Any such meeting shall be held at the call of the chairman of the board, the president, a vice president, the secretary, or two or more directors. Notice of a special meeting of directors shall be mailed to each director at least three days prior to the meeting date, provided that in lieu thereof, notice may be given to each director personally or by telephone, or dispatched by telegraph, at least one day prior to the meeting date.

Section 3. Waiver of Notice. In lieu of notice of meeting, a waiver thereof in writing, signed by the person or persons entitled to said notice whether before or after the time stated therein, shall be deemed equivalent thereto. Any director present in person at a meeting of the board of directors shall be deemed to have waived notice of the time and place of meeting.

Section 4. Action Without Meeting. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board of directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the board of directors or of such committee.

Section 5. Quorum. At all meetings of the board, one-third of the total number of directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by law.

If at any meeting there is less than a quorum present, a majority of those present (or if only one be present, then that one), may adjourn the meeting from time to time without further notice other than announced at the meeting until a quorum is present. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally scheduled.

Section 6. Business Transacted. Unless otherwise indicated in the notice of meeting or required by law, the certificate of incorporation or bylaws of the corporation, any and all business may be transacted at any directors' meeting.

ARTICLE V

Powers of the Board of Directors

The management of all the property and business of the corporation and the regulation and government of its affairs shall be vested in the board of directors. In addition to the powers and

authorities by these bylaws and the certificate of incorporation expressly conferred on them, the board of directors may exercise all such powers of the corporation and do all such lawful acts and things as are not by law, or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

ARTICLE VI

Committees

Section 1. Executive Committee. The board of directors may, by resolution passed by a majority of the whole board, designate an executive committee, to consist of three or more members. The chief executive officer plus one other member of the executive committee shall constitute a quorum.

The executive committee shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, with the exception of such powers and authority as may be specifically reserved to the board of directors by law or by resolution adopted by the board of directors.

Section 2. Audit Committee. The board of directors may, by resolution passed by a majority of the whole board, designate an audit committee, to consist of three or more members, none of the members of which shall be employees or officers of the corporation. A majority of the members of the audit committee shall constitute a quorum.

The audit committee shall from time to time review and make recommendations to the board of directors with respect to the selection of independent auditors, the fees to be paid such auditors, the adequacy of the audit and accounting procedures of the corporation, and such other

matters as may be specifically delegated to the committee by the board of directors. In this connection the audit committee shall, at its request, meet with representatives of the independent auditors and with the financial officers of the corporation separately or jointly.

Section 3. Compensation Committee. The board of directors may, by resolution passed by a majority of the whole board, designate a compensation committee, to consist of three or more members of the board of directors, except that no member of the compensation committee may (i) be an employee or officer of the corporation or (ii) maintain a relationship with the Corporation that would cause such member to be ineligible for membership on the compensation committee pursuant to rules or regulations adopted by the Securities and Exchange Commission, the Internal Revenue Service or any other governmental agency. A majority of the members of the compensation committee shall constitute a quorum.

The compensation committee shall from time to time review and make recommendations to the board of directors with respect to the management remuneration policies of the corporation including but not limited to salary rates and fringe benefits of elected officers, other remuneration plans such as incentive compensation, deferred compensation and stock option plans, directors' compensation and benefits and such other matters as may be specifically delegated to the committee by the board of directors.

Section 4. Nominating and Governance Committee. The board of directors may, by resolution passed by a majority of the whole board, designate a nominating and governance committee, to consist of three or more members, none of the members of which shall be employees or officers of the corporation. A majority of the members of the nominating and governance committee shall constitute a quorum.

The nominating and governance committee shall make recommendations to the board of directors (i) concerning suitable candidates for election to the board, (ii) with respect to assignments to board committees, (iii) with respect to promotions, changes and succession among the senior management of the corporation and (iv) concerning practices and procedures for the proper and efficient management of the board of directors. The nominating and governance committee shall perform such other duties as may be specifically delegated to the committee by the board of directors.

Section 5. Committee Procedure, Seal.

(a) The executive, compensation, nominating and governance and audit committees shall keep regular minutes of their meetings, which shall be reported to the board of directors, and shall fix their own rules of procedures.

(b) The executive, compensation, nominating and governance and audit committees may each authorize the seal of the corporation to be affixed to all papers which may require it.

(c) In the absence or disqualification of a member of any committee, the members of that committee present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of such absent or disqualified member.

Section 6. Special Committees. The board of directors may, from time to time, by resolution passed by a majority of the whole board, designate one or more special committees. Each such committee shall have such duties and may exercise such powers as are granted to it in the resolution designating the members thereof. Each such committee shall fix its own rules of procedure.

ARTICLE VII

Indemnification

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. 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. Any indemnification of an employee or agent 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 he has met the applicable standard of conduct set forth in Section 1 hereof. Any such determination shall be made

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

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 board of directors 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, 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, 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.

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.

ARTICLE VIII

Officers

Section 1. General. The officers of the corporation shall be the chairman of the board, president, one or more vice presidents (including executive vice presidents and senior vice presidents), a secretary, a controller, a treasurer, and such other subordinate officers as may from time to time be designated and elected by the board of directors.

Section 2. Other Offices. The chairman of the board shall be chosen by the board of directors from among their own number. The other officers of the corporation may or may not be directors.

Section 3. Term. Officers of the corporation shall be elected by the board of directors and shall hold their respective offices during the pleasure of the board and any officer may be removed at any time, with or without cause, by a vote of the majority of the directors. Each officer shall hold office from the time of his appointment and qualification until the next annual election of officers or until his earlier resignation or removal except that upon election thereof a shorter term may be designated by the board of directors. Any officer may resign at any time upon written notice to the corporation.

Section 4. Compensation. The compensation of officers of the corporation shall be fixed, from time to time, by the board of directors.

Section 5. Vacancy. In case any office becomes vacant by death, resignation, retirement, disqualification, removal from office, or any other cause, the board of directors may abolish the office (except that of president, secretary and treasurer) or elect an officer to fill such vacancy.

ARTICLE IX

Duties of Officers

Section 1. Chairman of the Board, President. The chairman of the board shall be the chief executive officer of the corporation. He shall have general supervisory powers over all other officers, employees and agents of the corporation for the proper performance of their duties and shall otherwise have the general powers and duties of supervision and management usually vested in the chief executive officer of a corporation. The president shall have the general powers and duties of supervision and management of the corporation as the chairman shall assign. The chairman of the board shall preside at and act as chairman of all meetings of the board of directors. The president shall preside at any meeting of the board of directors in the event of the absence of the chairman of the board. The offices of chairman of the board and president may be filled by the same individual.

Section 2. Vice Presidents. Each vice president shall perform such duties as shall be assigned to him by the board of directors, the chairman of the board or the president.

Section 3. Secretary. The secretary shall record all proceedings of the meetings of the corporation, its stockholders and the board of directors and shall perform such other duties as shall be assigned to him by the board of directors, the chairman of the board, or the president. Any part or all of the duties of the secretary may be delegated to one or more assistant secretaries.

Section 4. Controller. The controller shall perform such duties as shall be assigned to him by the chairman of the board, the president or such vice president as may be responsible for financial matters. Any or all of the duties of the controller may be delegated to one or more assistant controllers.

Section 5. Treasurer. The treasurer shall, under the direction of the chairman of the board, the president or such vice president as may be responsible for financial matters, have the custody of the funds and securities of the corporation, subject to such regulations as may be imposed by the board of directors. He shall deposit, or have deposited, all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors or as may be designated by the appropriate officers pursuant to a resolution of the board of directors. He shall disburse, or have disbursed, the funds of the corporation as may be ordered by the board of directors or properly authorized officers, taking proper vouchers therefor. If required by the board of directors he shall give the corporation bond in such sum and in such form and with such security as may be satisfactory to the board of directors, for the faithful performance of the duties of his office. He shall perform such other duties as shall be assigned to him by the board of directors, the chairman of the board, the president or such vice president as may be responsible for financial matters. Any or all of the duties of the treasurer may be delegated to one or more assistant treasurers.

Section 6. Other Officers' Duties. Each other officer shall perform such duties and have such responsibilities as may be delegated to him by the superior officer to whom he is made responsible by designation of the chairman of the board or the president.

Section 7. Absence or Disability. The board of directors or the chairman of the board may delegate the powers and duties of any absent or disabled officer to any other officer or to any director for the time being. In the event of the absence or temporary disability of the chairman of the board, the president shall assume his powers and duties while he is absent or so disabled.

ARTICLE X

Stock

Section 1. Certificates. Certificates of stock of the corporation shall be signed by, or in the name of the corporation by, the chairman of the board, the president or a vice president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation. If such certificate is countersigned, (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, then any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 2. Transfers. Shares of stock shall be transferable on the books of the corporation by the holder of record thereof in person or by his attorney upon surrender of such certificate with an assignment endorsed thereon or attached thereto duly executed and with such proof of authenticity of signatures as the corporation may reasonably require. The board of directors may from time to time appoint such transfer agents or registrars as it may deem advisable and may define their powers and duties. Any such transfer agent or registrar need not be an employee of the corporation.

Section 3. Record Holder. The corporation may treat the holder of record of any shares of stock as the complete owner thereof entitled to receive dividends and vote such shares, and accordingly shall not be bound to recognize any interest in such shares on the part of any other person, whether or not it shall have notice thereof.

Section 4. Lost and Damaged Certificates. The corporation may issue a new certificate of stock to replace a certificate alleged to have been lost, stolen, destroyed or mutilated upon such terms and conditions as the board of directors may from time to time prescribe.

Section 5. Fixing Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

ARTICLE XI

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the corporation shall begin upon the first day of January and terminate upon the 31st day of December, in each year.

Section 2. Stockholder Inspection of Books and Records. The board of directors from time to time shall determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of a stockholder and no stockholder shall have any right to inspect any account, book or document of the corporation except as conferred by statute or authorized by resolution of the board of directors.

Section 3. Seal. The corporate seal shall be circular in form and have inscribed thereon the name of the corporation and the words "Corporate Seal, Delaware."

ARTICLE XII

Amendments to Bylaws

Subject to the provisions of any resolution of the board of directors creating any series of Preferred Stock, the board of directors shall have power from time to time to make, alter or repeal bylaws, but any bylaws made by the board of directors may be altered, amended or repealed by the stockholders at any annual meeting of stockholders, or at any special meeting provided that notice of such proposed alteration, amendment or repeal is included in the notice of such special meeting.

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "Agreement"), dated effective as of the 21st day of January, 1998, by and among AMR CORPORATION ("AMR"), a Delaware corporation, and AMERICAN AIRLINES, INC. ("American"), a Delaware corporation, each of which has its principal office at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155 (collectively with their successors or assigns permitted under this Agreement, the "Company"), and ROBERT L. CRANDALL, who currently resides at 5243 Park Lane, Dallas, Texas 75220 ("Executive").

W I T N E S S E T H :

WHEREAS, the Company and the Executive originally entered into this Employment Agreement as of January 1, 1988, which Employment Agreement has subsequently been amended five times, and the parties desire to restate the Employment Agreement, as so amended, in its entirety; and

WHEREAS, Executive is presently acting as the Chairman, President and Chief Executive Officer of AMR, the Chairman and Chief Executive Officer of American and Chairman of AMR's other operating subsidiaries; and

WHEREAS, on January 1, 1988, the Board of Directors of AMR (the "Board") decided that Executive had played a pivotal role in the successes of AMR, American and AMR's other subsidiaries, and that the retention of Executive until his retirement was critical to the future success of AMR, American and AMR's other subsidiaries; and

WHEREAS, on January 1, 1988, the Board and the Company decided to continue to employ Executive as Chairman, President and Chief Executive Officer of AMR and American and Chairman of AMR's other operating subsidiaries for the period from January 1, 1988 through December 31, 1992 and the Board and Company desire to have the right, subject to Executive's consent, to extend such employment to December 31, 2000 (the end of the year in which Executive attains age 65) on similar terms; and

WHEREAS, on March 15, 1995, the Executive relinquished his position as President of American; and

WHEREAS, the Company and the Executive have agreed to extend the Agreement through December 31, 2000; and

WHEREAS, the Company and the Executive desire to have the Executive continue to serve the Company in the capacities and upon the terms and conditions hereinafter set forth; and

WHEREAS, the Company has, pursuant to Paragraph 1.1(h) of Schedule A, deposited all the shares of Deferred Stock in the Trust contemplated by such Paragraph; and

WHEREAS, the Company and Executive desire to amend and restate the terms and conditions of such employment in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive hereby agree as follows:

1. Term of Employment.

The Company hereby employs the Executive, and Executive hereby accepts such employment by the Company, in the positions and with the duties and responsibilities set forth in Section 2 and upon such other terms and conditions as are hereinafter stated, for the period commencing on January 1, 1988, and except as otherwise provided herein, ending on the earlier to occur of (i) December 31, 2000, or (ii) the termination of Executive's employment.

2. Position and Duties.

During the Term of Employment, Executive shall be employed as, and perform the duties of, President and Chief Executive Officer of AMR and Chief Executive Officer of American (with due recognition of Executive's performance of duties as President of American from January 1, 1988, through March 15, 1995), in each case subject to the election provisions and other terms of the by-laws of AMR and American. Subject to his election as such, Executive shall serve during the Term of Employment as a Director on, and Chairman of, the Board, the board of directors of American (the "American Board") and the board of directors of each of AMR's other operating subsidiaries, if requested to do so, and to serve as a member of the Executive Committee of the Board and the Executive Committee of the American Board and as a member of any other Committee of the Board, the American Board or the board of directors of any other operating subsidiary of AMR to which Executive may be elected or appointed.

In carrying out his duties under this Agreement, Executive shall report directly to the Board. During the Term of Employment, Executive shall devote his full business time and attention to the business and affairs of the Company and shall use his best efforts, skills and abilities to promote the interests of the

Company, provided, however, that Executive may from time to time engage in such other pursuits, including (without limitation) personal legal, financial and business affairs and outside board memberships, as shall not interfere with the proper performance of his duties and obligations under the terms hereof.

3. Compensation and Other Benefits.

Subject to the provisions of this Agreement, the Company shall provide the following compensation and other benefits to Executive during the Term of Employment:

(a) Base Salary. The Company shall pay Executive a base salary (as increased from time to time, the "Base Salary") at an annualized rate of not less than \$790,000 (the same rate as Executive's current annualized rate as of December 31, 1997), at such intervals as apply to other senior officers of the Company, but at least as frequently as monthly. Such Base Salary shall be reviewed by the Board at least as often as the compensation of other senior officers is reviewed, and may be increased (but not decreased), in the sole discretion of the Board, at any time. Increases, once granted, will not be subject to revocation.

Notwithstanding the above, Executive may elect, in accordance with and subject to the provisions of any applicable Company deferral plan or arrangement, to defer all or part of the Base Salary payable for any period.

(b) Annual Incentive Compensation. For each year during the Term of Employment, Executive shall have an annual incentive compensation (f) opportunity under the Company's Incentive Compensation Plan for Officers and Key Employees for such year (as amended from time to time and including any successor plan or arrangement) equal to 100% of Executive's Base Salary for such year (the same rate as Executive's current incentive compensation opportunity as of December 31, 1997). The actual amount of such incentive compensation payment shall be determined by the Board, in its sole discretion, but, stated as a percentage of annual incentive compensation opportunity, shall not be less than the average percentage of annual incentive compensation opportunity payable to the Company's other senior officers based on the actual amounts awarded to such group. Subject to the provisions of Section 4 below, such amount shall be paid to Executive within 120 days after the end of the year for which awarded, unless payment is timely deferred by Executive under any applicable Company deferral plan or arrangement.

(c) Long Term Incentive Compensation. During the Term of Employment, Executive shall also be entitled to participate in AMR's 1988 Long Term Incentive Plan (the "1988 LTIP"), 1979 Stock Option Plan and 1985 Restricted Stock Incentive Plan and in any other long term equity or incentive

compensation plan or arrangement that the Company may hereafter adopt in which senior executives of the Company are generally eligible to participate.

- (i) In this connection, the Compensation Committee of the Board: has made, as of January 20, 1988, a special retention grant to Executive of 355,000 shares of Deferred Stock, subject to shareholder approval of the 1988 LTIP, in recognition of Executive's past and anticipated future leadership and contributions, and
- (ii) has amended certain provisions of Executive's existing stock option and restricted stock grants,

in each case subject to the terms and conditions set forth in attached Schedule A.

(d) Pension Benefits. During the Term of Employment, Executive shall also be entitled to continuing pension accrual credit under and subject to the terms of the Company's tax-qualified and supplemental pension plans (including any successors thereto), subject, in the case of the tax-qualified plan(s), to the applicable limitations of ERISA, provided, however:

- (i) that pensionable compensation, for purposes of the Company's Supplemental Executive Retirement Plan ("SERP") and this Agreement, shall be determined under the rules and definitions in effect under the SERP as of January 1, 1988 or the time of termination, whichever are more favorable to Executive;
- (ii) that Executive's annual accrual rate under the SERP shall be 2.7% for each year of credited service after January 1, 1988, under the terms of the Company's tax qualified pension plan;
- (iii) Executive shall receive additional years of credited service under the terms of the Company's tax qualified and supplemental pension plans (including any successors thereto) in accordance with the following table:

	Age at Retirement			
	60	61	62	63
	--	--	--	--
Additional Years of Credited Service:	2	4	7	10

- (iv) that Executive shall have the right to elect to have a 50% annual survivor benefit paid to his designated beneficiary for life,

commencing no later than 30 days after the death of Executive, subject to the applicable actuarial adjustment provisions of the SERP in effect under the terms of the SERP as of January 1, 1988, or, if more favorable to Executive, those in effect under the terms of the SERP at the time of termination; and

- (v) that the Company shall make such arrangements as it deems appropriate with respect to the availability of funds to pay such supplemental non-qualified pension benefits through use of a trust or annuities, provided that, if so requested by Executive, the Company shall enter into a grantor ("rabbi") trust arrangement with respect to such benefits, if, in the opinion of counsel to the Company, such arrangement does not result in the immediate taxation of such benefits at the time at which such trust is funded.
- (e) Other Benefit Programs.
 - (i) During the Term of Employment, Executive shall be eligible to participate in all other employee benefit plans and programs made available to senior executives of the Company at its expense, as such programs may be in effect from time to time, including, without limitation, any group or split dollar life insurance, accidental death and dismemberment insurance, hospitalization, surgical and major medical coverage and short-term and long-term disability plans (subject to a \$250,000 minimum annual benefit until age 65 for long term disability, with the premiums for such disability benefit coverage being paid by the Company on a basis that results in no after-tax current cost to Executive for such coverage).
 - (ii) During the Term of Employment, the Company, in addition to any group life insurance and split dollar life insurance provided to Executive as of December 31, 1987 (which shall be continued pursuant to Section 3(e)(i) above), shall also provide Executive, on an after-tax no cost basis to Executive, with additional life insurance coverage through December 31, 1989, by means of an individual policy, a group policy or a combination thereof, in an amount no less than the amount of additional coverage in effect on December 31, 1987. Beginning on January 1, 1990 and for the balance of the Term of Employment, the additional coverage in effect on December 31, 1989 shall continue, but shall be reduced to two-thirds of such initial additional coverage for the calendar year 1990, and thereafter to one-sixth of such initial additional coverage.
 - (iii) Subject to the coverage continuation provisions in Section 4, in the event of termination of Executive's employment with the Company,

Executive (or his legal representative, if Executive is disabled) shall have the right to assume, without any payment to the Company (other than any required premium reimbursement with respect to any policy having an underlying cash surrender value), and continue at his own expense, whatever individual policy or policies of life insurance are then maintained by the Company pursuant to Section 3(e)(ii), plus any coverage under the Company's group or split dollar life insurance policy or policies pursuant to Section 3(e)(i) to the extent permitted thereunder.

(f) Executive Benefits. In addition to the other compensation and benefits provided under Sections 3(a) through (e), during the Term of Employment, Executive shall be provided with the same type and level of travel and other executive benefits provided to Executive as of December 31, 1987 and such other executive benefits as are generally provided to other senior executives of the Company.

(g) Vacation and Sick Leave. Executive shall be entitled to reasonable paid vacation and paid sick leave in accordance with the policies established from time to time by the Company and the Board, with the paid vacation allowance being at least four (4) weeks per calendar year, with no carryover of unused vacation from year to year.

(h) Expense Reimbursement. The Company shall also reimburse Executive for all reasonable business travel, business entertainment and other business expenses properly incurred by him in the performance of his duties hereunder in accordance with the reimbursement policies established from time to time by the Company and the Board, and for any legal and related fees and expenses incurred by Executive with respect to the preparation and execution of this Agreement.

(i) Impact of Deferrals of Salary and Bonus. For purposes of determining the opportunities and benefits provided to Executive pursuant to Sections 3(b), (c), (d), (e), (f) and (g), the annual salary and bonus of Executive shall be deemed to be the Base Salary and Annual Incentive Compensation computed under Sections 3(a) and (b) without regard to any deferrals of Base Salary or Annual Incentive Compensation under Section 3(a) or (b); provided, however, that benefits provided to Executive pursuant to any tax-qualified plans shall be subject to any compensation limitations and other terms and conditions contained in such plans.

4. Termination of Employment.

(a) Termination Due to Retirement, Death or Disability. In the event of termination of Executive's employment during the Term of Employment due to retirement at or after age 60, or death or Disability (as defined below), Executive

or his estate or other legal representative, as the case may be, shall be entitled to:

- (i) Base Salary at the rate in effect at the date of termination through (x) in the case of Executive's retirement, the end of the month in which termination of employment occurs, and (y) in the case of termination due to death or Disability, the end of the six-month period following such termination of employment;
- (ii) any annual incentive compensation awarded for a prior year but not yet paid under Section 3(b), plus an annual incentive compensation award under Section 3(b) for the award year immediately preceding the date of termination if awards have not yet been made for such year, based on performance for such year, as determined by the Board, in its sole discretion;
- (iii) a pro rata annual incentive compensation award under Section 3(b) for the year of termination based on actual service and performance to the date of such termination or, if higher, such other amount as may be determined by the Board, in its sole discretion;
- (iv) subject to the terms and conditions of Schedule A, the payment of any Deferred Stock vested under Schedule A, and, subject to the terms and conditions of any future long term incentive grants, payment of any vested portion of such grants;
- (v) basic and supplemental pension benefit accruals under Section 3(d) above, based on Executive's years of credited service (including such additional years of credited service as provided pursuant to Section 3(d)(iii)), under the Company's tax qualified and supplemental pension plans (including any successors thereto);
- (vi) in the case of retirement, continuing retiree insurance coverage to the extent provided under the Company's plans and programs, provided, however, that Executive shall in any event be entitled to lifetime executive medical coverage under the Company's Executive Medical Expense Plan (or the equivalent thereof) on the same basis and to the same extent applicable to actively employed senior executives of the Company (but in no event on a basis less favorable to Executive than the coverage provided just prior to termination);
- (vii) in the case of termination due to Disability, continuation of the life insurance coverage provided under Section 3(e)(ii), and the

hospitalization, surgical and major medical coverage provided under Section 3(e)(i), in each case at the level that would otherwise be in effect from time to time under this Agreement but for such termination of employment, for the six-month Base Salary continuation period specified in Section 4(a)(i), provided, however, that Executive shall in any event be entitled (A) to lifetime executive medical coverage under the Company's Executive Medical Expense Plan (or the equivalent thereof) on the same basis and to the same extent applicable to actively employed senior executives of the Company (but in no event on a basis less favorable to Executive than the coverage provided just prior to termination), and (B) to additional life insurance coverage under Section 3(e)(ii) for the balance of the current Term of Employment determined without regard to such termination due to Disability (as and if extended under Section 1(b) prior to termination);

- (viii) travel benefits and American Airlines Admirals Club membership at the same level and to the same degree provided to actively employed senior executives of the Company generally; and
- (ix) any other rights and benefits provided under employee benefit plans and programs of the Company, determined in accordance with the applicable terms and provisions of such plans and programs.

For purposes of this Agreement, "Disability" shall mean the inability of Executive due to illness, accident or otherwise to perform his duties for any period of six consecutive months or for any period of eight months out of any twelve month period, as determined by an independent physician selected by the Company and reasonably acceptable to Executive (or his legal representative), provided that Executive does not return to work on substantially a full-time basis within 30 days after written notice from the Company of an intent to apply the Disability provisions of this Section 4(a).

(b) Termination Without Cause. Subject to Section 4(d) below, in the event of a termination of Executive's employment by the Company without Cause during the Term of Employment, Executive shall be entitled to:

- (i) Base Salary at the rate in effect immediately prior to the occurrence of such event for the balance of the Term of Employment;
- (ii) any annual incentive compensation awarded for a prior year but not yet paid under Section 3(b), plus an annual incentive compensation award for the award year immediately preceding the date of termination if awards have not yet been made for such year

in an amount equal to the three-year average percentage determined under Section 4(b)(iii) below multiplied by Executive's Base Salary rate at the end of such year;

- (iii) the equivalent of annual incentive compensation under Section 3(b) for the year of termination and thereafter through the end of the Base Salary continuation period specified in Section 4(b)(i) (prorated for partial years), calculated in each case based on Executive's highest annual incentive award during the three years immediately preceding termination, stated as a percentage of the Base Salary in effect for the year for which awarded, and then applied to the Base Salary applicable under Section 4(b)(i) (but not less than 50% of the highest target bonus rate applicable to Executive during such prior three-year period, multiplied by the applicable annual Base Salary determined under Section 4(b)(i) above);
- (iv) subject to the terms and conditions of Schedule A, the payment of any Deferred Stock vested under Schedule A, and, subject to the terms and conditions of any future long term incentive grants, payment of any vested portion of such grants;
- (v) basic and supplemental pension benefit accruals under Section 3(d) above, based on Executive's years of credited service (including such additional years of credited service as provided pursuant to Section 3(d)(iii)), under the Company's tax qualified and supplemental pension plans (including any successors thereto), plus supplemental pension benefit accruals under Section 3(d) for the Base Salary continuation period specified in Section 4(b)(i), based on deemed service continuation and deemed continuation of pensionable compensation at the annualized equivalent of the Base Salary and annual incentive compensation amounts payable under Sections 4(b)(i) and (iii) above;
- (vi) continuation of the life insurance coverage provided under Section 3(e)(ii), and the hospitalization, surgical and major medical coverage and the short-term and long-term disability coverage provided under Section 3(e)(i), in each case at the level that would otherwise be in effect from time to time under this Agreement but for such termination of employment, for the Base Salary continuation period specified in Section 4(b)(i); provided, however, that Executive shall in any event be entitled to lifetime executive medical coverage under the Company's Executive Medical Expense Plan (or the equivalent thereof) on the same basis and to the same extent applicable to actively employed senior executives

of the Company (but in no event on a basis less favorable to Executive than the coverage provided just prior to termination);

- (vii) travel benefits and American Airlines Admirals Club membership at the same level and to the same degree provided to actively employed senior executives of the Company generally; and
- (viii) any other rights and benefits available to Executive under the employee benefit plans and programs of the Company in effect immediately prior to his termination (or the equivalent thereof) at the same level and to the same degree provided to actively employed senior executives of the Company generally, for the Base Salary continuation period specified in Section 4(b)(i) (or longer, if and to the extent applicable under such plans and programs).

(c) Termination by Executive for "Good Reason". Subject to Section 4(d) below, in the event of termination of employment by Executive for "Good Reason" during the Term of Employment, Executive shall be entitled to the same payments and other benefits that are provided under Section 4(b). For this purpose, Executive shall be entitled to terminate his employment for "Good Reason" if:

- (i) without Executive's written consent, one or more of the following events occurs:
 - (A) Executive is not appointed to or is otherwise removed from any office or position referred to in Section 2 for any reason other than in connection with the termination of his employment;
 - (B) Executive's Base Salary under Section 3(a) and/or his annual incentive compensation opportunity under Section 3(b) is reduced for any reason other than in connection with the termination of his employment;
 - (C) the principal office of the Company is moved, without Executive's consent, to a location that is more than 50 miles from the City of Dallas, Texas;
 - (D) for any reason other than in connection with the termination of his employment, Executive suffers a significant reduction in the authority, duties and responsibilities associated with his position with the Company as described in Section 2 above, on the basis of which he makes a determination in good faith that he can no longer carry out such position in

the manner contemplated at the time this Agreement was entered into by the parties;

(E) for any reason other than in connection with the termination of his employment, the Company asserts the intention to reduce or reduces either the supplemental pension benefits provided in Section 3(d) or the additional life insurance coverage provided in Section 3(e)(ii) below the level provided in this Agreement, other than pursuant to the terms of this Agreement, or the Company reduces any other benefit provided to Executive below the level of such benefit provided generally to actively employed senior executives of the Company, unless the Company agrees to fully compensate Executive for any such reduction, provided, in any event, that no such reduction will be effective without 30 days' prior written notice; or

(f) the Company otherwise breaches, or is unable to perform its obligations under, this Agreement.

(ii) within 180 days following the date on which the occurrence of such event becomes known to Executive, Executive notifies the Board in writing (care of the Company) of the occurrence of such event;

(iii) within 30 days following receipt of such written notice, the Board does not cure such event and deliver to Executive a written statement that it has done so; and

(iv) within 60 days following the expiration of the 30-day period specified in clause (iii) above (without the occurrence of a cure and written notice thereof as described in clause (iii) above), Executive voluntarily terminates his employment with the Company.

(d) Termination Without Cause or For Good Reason After a Change in Control. In the event of "Change in Control" (as defined in the Executive Termination Benefits Agreement between the Company and Executive dated September 18, 1985, as amended, hereinafter referred to as the "Termination Benefits Agreement"), and a termination of Executive's employment by the Company without Cause or Executive for "Good Reason" thereafter, then:

(i) the salary and annual incentive amounts payable under Sections 4(b)(i) and (iii) above shall be offset on a dollar for dollar basis by any salary or annual incentive amounts payable under the Termination Benefits Agreement up to but not in excess of the amounts payable under Sections 4(b)(i) and (iii);

- (ii) Executive's stock options, Restricted Stock awards and Deferred Stock awards shall be governed by the terms of attached Schedule A, except to the extent that the Termination Benefits Agreement provides a greater benefit to Executive with respect to such items; and
- (iii) with respect to each other category or type of benefit payable under this Agreement and the Termination Benefits Agreement, the benefits and coverage provided under this Agreement shall be offset, on a category by category basis, by any amounts payable under the Termination Benefits Agreement.

(e) Termination for Cause or Voluntary Termination. If, during the Term of Employment, the Company terminates Executive's employment for "Cause" (which shall be defined for purposes of this Agreement as gross dishonesty or willful misconduct, either of which is directly and materially harmful to the business of the Company or American) or Executive terminates his employment on his own initiative (other than as described in Section 4(a) or 4(c) above), Executive shall be entitled to:

- (i) Base Salary through the date of termination of employment;
- (ii) any incentive compensation awarded for a prior year but not yet paid under Section 3(b) due to a deferral election;
- (iii) in the case of a voluntary termination not involving "Cause", the payment of any Deferred Stock vested under Schedule A, subject to the terms and conditions of Schedule A, and, in the case of any future long term incentive grants, payment of any vested portion of such grants, subject to the terms and conditions thereof.
- (iv) basic and supplemental pension benefit accruals under Section 3(d) above based on Executive's actual period of employment, and
- (v) any other rights and benefits provided under employee benefit plans and programs of the Company, determined in accordance with the applicable terms and provisions of such plans and programs.

5. Covenants.

(a) Covenant Not to Compete. During the term of his employment by the Company and, except in the event of a Change in Control as defined in the Termination Benefits Agreement, for a period of 24 months following the date of termination of Executive's employment (or, in the case of a termination by the Company without Cause or a termination by Executive for "Good Reason", the

continuation period specified in Section 4(b)(i) if less than 24 months), Executive shall not, directly or indirectly, except when acting on behalf of or for the benefit of AMR, American or any other subsidiary of AMR or any affiliate of AMR (defined as an entity other than a subsidiary of which AMR directly or indirectly owns 20% or more of the ownership interests):

- (i) engage in any business, whether as an employee, consultant, partner, principal, agent, representative or stockholder (other than as an owner of less than 1% of the outstanding shares of any publicly-held class of stock) or in any other corporate or representative capacity, if such activity involves:
 - (A) managing or participating in the management of a commercial airline, certificated under Section 401 of the Federal Aviation Act;
 - (B) rendering services or advice pertaining to the types of activity described in Section 5(a)(i)(A);
 - (C) rendering services or advice pertaining to, or assisting any other entity to enter into, any other line of business that the Company, or any corporation, partnership or other entity owned wholly or in part by the Company, was actively conducting or actively considering during the last 24 months of Executive's employment with the Company in competition with AMR, American or any other subsidiary or affiliate of AMR in the United States;
- (ii) take any action to divert from AMR, American or any other subsidiary or affiliate of AMR, any business involving services or products marketed or under active consideration by AMR, American or any other subsidiary or affiliate of AMR, or any corporation, partnership or other entity owned wholly or in part by AMR, American or any other subsidiary or affiliate of AMR during the last 24 months of Executive's employment hereunder; or
- (iii) induce customers, agents, franchisees or other persons doing business with AMR, American or any other subsidiary or affiliate of AMR, to terminate, reduce or alter business with or from AMR, American or any other subsidiary or affiliate of AMR.

Each provision of this Section 5 is intended by the parties to be a separate and divisible provision and if, for any reason, any such provision is held to be invalid or unenforceable, neither the validity nor the enforceability of any other subsection shall thereby be affected. It is the intention of the parties that the foregoing restrictions on Executive's future employment be reasonable

in both duration and geographic scope. If for any reason any court of competent jurisdiction shall find such provisions unreasonable in duration or geographic scope, the prohibitions contained herein shall be effective to the fullest extent allowed under applicable law.

(b) Covenants Regarding Other Employees. Executive agrees that so long as he is an employee of the Company and for the period described in Section 5(a) above, except when acting on behalf of AMR, American or any other subsidiary or affiliate of AMR, he shall not induce any person in the employment of AMR, American or any other subsidiary or affiliate of AMR, to (i) terminate such employment, (ii) accept employment with anyone other than AMR, American or any other subsidiary or affiliate of AMR or (iii) interfere with the business of AMR, American or any other subsidiary or affiliate of AMR.

(c) Covenants to Protect Confidential Information. Executive shall not, during the Term of Employment or thereafter, without the prior written consent of the Company, divulge, disclose or make accessible to any other person or entity "Confidential Information", except (i) in the performance of his duties while employed by AMR, American or any subsidiary or affiliate of AMR (e.g., providing information to the Company's attorneys, accountants or banks) or (ii) when required to do so by the lawful order of a court of competent jurisdiction.

For this purpose, "Confidential Information" shall mean all non-public information respecting the Company's business, including, but not limited to, its services, pricing, scheduling, products, research and development, processes, customer lists, marketing plans and strategies and financing plans, but excluding information that is, or becomes, available to the public (unless such availability occurs through an unauthorized act on the part of the Executive).

Except as may be otherwise consented to in writing by the Company, Executive shall proffer to an appropriate officer of the Company, upon the termination of his employment under this Agreement, without retaining any copies, notes or excerpts thereof, all memoranda, diaries, notes, records, cost information, customer lists, marketing plans and strategies, and other documents, in each case containing any Confidential Information made or compiled by, or delivered or made available to, or otherwise obtained by, Executive, then in his possession or subject to his control, except that Executive may proffer a legible copy, and retain the original, of any personal diary or personal notes.

(d) Remedy for Violation of Noncompetition or Confidential Information Provisions. Executive acknowledges that the Company has no adequate remedy at law and would be irreparably harmed if Executive breaches or threatens to breach the provisions of Section 5(a), (b) or (c) and therefore agrees that the Company shall be entitled to injunctive relief to prevent any

breach or threatened breach of such Sections and to specific performance of the terms of each of such Sections in addition to any other legal or equitable remedy it may have, provided that, in the event that the Company concludes that Executive has breached any covenant in this Section 5, the Company shall provide Executive 15 days' prior written notice of such claim and an opportunity to cure such alleged violation during such 15-day period. Executive further agrees that he shall not, in any equity proceeding involving him relating to the enforcement of Section 5(a), (b) or (c) raise the defense that the Company has an adequate remedy at law. Nothing in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies at law or in equity that it may have or any other rights that it may have under any other agreement.

6. Indemnification.

Executive shall be indemnified by the Company to the extent provided in the Company's certificate of incorporation or by-laws.

7. Withholding.

Anything in this Agreement to the contrary notwithstanding, all payments required to be made by the Company hereunder to Executive shall be subject to withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, in whole or in part, the Company may, in its sole discretion, accept other provision for payment of taxes, provided it is satisfied that all requirements of law affecting its responsibilities to withhold such taxes have been satisfied.

8. Resolution of Disputes.

If a dispute arises regarding any termination of Executive's employment or the interpretation or enforcement of this Agreement, the parties agree to resolve such dispute by arbitration under the auspices of the American Arbitration Association.

Such arbitration shall be held in Dallas, Texas (or in such other place as the parties may mutually agree to), and shall be governed by the then current rules of the American Arbitration Association. In this regard, the parties agree that:

- (i) such arbitration shall commence as promptly as possible after the 20th day following service of notice of a dispute by one party on the other;
- (ii) that the arbitrator(s) shall have no authority to order a modification or amendment of this Agreement; and

- (iii) that the decision of the arbitrator(s) shall be final and binding upon the parties thereto.

All legal and other fees and expenses, including, without limitation, any arbitration expenses, incurred by Executive in connection with any such dispute or otherwise in successfully (in whole or in part) contesting or disputing any termination or in seeking to obtain or enforce any right or benefit provided for in this Agreement or in otherwise pursuing any right or claim shall be paid by the Company, to the extent permitted by law.

In the event that the Company refuses or otherwise fails to make a payment when due and it is ultimately decided that Executive is entitled to such payment, such payment shall be increased to reflect an interest factor, compounded annually, equal to the prime rate in effect as of the date the payment was first due plus two points. For this purpose, the prime rate shall be based on the rate identified by Chase Manhattan Bank, N.A. as its prime rate as of the relevant date.

9. Assignability; Binding Nature.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and assigns.

No rights or obligations of Executive under this Agreement may be assigned or transferred by Executive other than his rights to compensation and benefits hereunder, which may be transferred only by will or operation of law and subject to the limitations of this Agreement.

No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company, except pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law.

10. Entire Agreement; Amendment or Waiver.

This Agreement and the schedules attached hereto (which are incorporated herein and which shall be treated as part hereof), together with the Termination Benefits Agreement between the Company and Executive dated September 18, 1985 (as amended to date, and any successor thereto) and any stock option and restricted stock agreements previously executed by the Company and Executive with respect to prior awards granted to Executive, contain the entire agreement between the parties hereto concerning the subject

matter hereof and supersede all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the Company and Executive with respect thereto.

No provision in this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing and signed by Executive and a duly authorized officer of the Company. No waiver by either party hereto of any breach by the other party or any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time.

11. Severability.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable, in whole or in part, for any reason, 19. the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

12. Governing Law.

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Texas without reference to the principles of conflict of laws.

13. Notices.

Any notice given to either party to this Agreement shall be in writing and shall be deemed to have been given when delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, duly addressed to the party concerned at the address indicated below or to such changed address as such party may subsequently give notice of:

If to the Company or to the Board:

AMR Corporation
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attn: Secretary

With copies to:

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attn: Secretary

and

AMR Corporation
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attn: General Counsel

If to the Executive:

Robert L. Crandall
5243 Park Lane
Dallas, Texas 75220

14. Headings.

The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

15. Counterparts.

This Agreement may be executed in two counterparts.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

AMERICAN AIRLINES, INC.

AMR CORPORATION

By:

By:

Anne H. McNamara, its
Senior Vice President and
General Counsel

Anne H. McNamara, its
Senior Vice President and
General Counsel

Robert L. Crandall

1.1 Special Retention Grant.

The Compensation Committee of the Board hereby grants to Executive as of January 20, 1988, subject to the approval of the 1988 Long Term Incentive Plan (the "1988 LTIP") by the Company's stockholders at the 1988 annual meeting, 355,000 deferred shares of AMR Common Stock, \$1.00 par value ("Deferred Stock"), under Section 8 of the 1988 LTIP, subject to the terms of the 1988 LTIP and the following terms and conditions:

(a) Vesting.

(i) The Deferred Stock covered by this special retention grant shall vest in equal installments at the rate of 12.5% for each full year of employment with the Company after December 31, 1987 (with prorated vesting credit for each full month of employment in any partial year, subject to shareholder approval of the 1988 LTIP for months prior to May 1988).

(ii) The vesting of the Deferred Stock granted hereunder shall be partially accelerated so that such Deferred Stock vests at the rate of 20% for each full year of employment with the Company after December 31, 1987 (with prorated vesting credit for each full month in any partial year, subject to shareholder approval of the 1988 LTIP for months prior to May 1988), in the event of Executive's termination due to death or Disability.

(iii) The vesting of the Deferred Stock granted hereunder shall be fully accelerated in the event of:

- (1) termination of Executive's employment with the Company due to Executive's early retirement prior to December 31, 1995, with the express consent of the Board for purposes of the vesting acceleration provisions of this Deferred Stock award;
- (2) termination of Executive's employment with the Company by the Company without Cause or by Executive for "Good Reason" (as defined in Section 4(c) above); or
- (3) a "Change in Control" of AMR, or a "Potential Change in Control" of AMR, as defined under the 1988 LTIP.

(i)

- (iv) In the event of termination of employment, any shares of Deferred Stock not otherwise vested under this Paragraph 1.1(a) at or prior to the effective date of such termination shall be forfeited.
- (v) If Executive is terminated by the Company for Cause, all shares of Deferred Stock otherwise vested under this Paragraph 1.1(a) but not yet distributed to Executive under Paragraph 1.1(b) below shall be forfeited.
- (b) Distribution of Vested Deferred Stock.

Unless further deferred by Executive pursuant to a timely election under Paragraph 1.1(c), Deferred Stock, if and to the extent vested under Paragraph 1.1(a), shall be distributed to Executive within 30 days of his termination of employment with the Company, subject, in the event of a Change in Control, to the provisions of Section 11 of the 1988 LTIP with respect to cashouts. In the event of Executive's death, any Deferred Stock that vests by reason of such death, and any other vested Deferred Stock not yet issued and distributed to Executive, shall be issued and distributed to Executive's designated beneficiary (or, in the absence of an effective beneficiary designation, Executive's estate) within 60 days after the Compensation Committee is notified of such death, unless Executive otherwise elects in writing prior to death, subject to the approval of the Compensation Committee.

- (c) Elective Deferral.

Notwithstanding the provisions of Paragraph 1.1(b), the Executive may, at any time prior to his termination of employment, elect in writing to voluntarily defer receipt of any distribution otherwise payable under Paragraph 1.1(b) in the manner specified in such election (the "Elective Deferral Period"); provided, however, that any election received by the Company within 60 days of the date on which such termination occurs shall be void and without effect (e.g., if the Executive terminates his employment on July 1, 1998, an election received by the Company after May 1, 1998, shall have no effect). Any distribution deferred pursuant to this Paragraph 1.1(c) shall be made to the Executive (or his designated beneficiary or, in the absence of an effective designation, his estate) within 30 days after the end of the applicable Elective Deferral Period.

- (d) Minimum Payment Provision.

Executive shall be entitled, with respect to the vested portion (if any) of the Deferred Stock granted hereunder up to and including the date on which such vested portion first becomes payable under Paragraph 1.1(b) above (extended up to six months to reflect any then applicable holding period for purposes of Section 16(b) of the Securities Exchange Act of 1934), to a supplemental payment in cash (subject to any applicable elective deferral), if

(ii)

and to the extent that, on such date, the fair market value of the shares covered by such vested portion is less than \$33.20 multiplied by the number of vested shares involved.

(e) Payment of Dividend Equivalents; Voting Rights.

Amounts equal to (i) any dividends declared per share on the AMR's Common Stock during each calendar quarter from the effective date of grant until issuance to, or forfeiture by, Executive of the shares covered by this Deferred Stock award, multiplied by (ii) the number of undistributed and unforfeited shares covered by this award as of the dividend date for such quarter shall be payable to Executive on a deferred basis in the form of deferred cash (with an interest adjustment from the dividend payment date at a rate not less than the deemed earnings rate then applicable generally to deferrals of base salary by actively employed senior executives of the Company), subject to the same vesting and other terms and conditions that apply to the related shares of Deferred Stock with respect to which such dividend equivalents were payable. Executive shall have no voting rights with respect to the shares of Deferred Stock covered by this award unless and until such shares are actually issued to Executive.

(f) Transfer Restrictions.

This Deferred Stock award is non-transferable otherwise than by will or by the laws of descent and distribution, and may not otherwise be assigned, pledged or hypothecated and shall not be subject to execution, attachment or similar process.

(g) Miscellaneous.

The terms of this Deferred Stock award (a) shall be binding upon and inure to the benefit of any successor of the Company, (b) shall be governed by the laws of the State of Texas, and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Company and Executive.

The Company shall not be required to issue shares pursuant to this award unless and until (a) such shares have been duly listed upon each stock exchange on which the Company's Stock is then registered; and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective, provided, however, that Executive, by written notice, may require the Company to so register such shares at its expense, and, if the Company fails to so register such shares or such registration is ineffective for any reason, Executive shall have the right, on 30 days' written notice to the Company, to "put" any vested unregistered shares covered by this Deferred Stock Award to the Company for a price equal to such vested shares' then

(iii)

current fair market value, provided that such right may only be exercised during the first 30 days after distribution of the vested shares in question to Executive pursuant to Paragraph 1.1(b) above.

The Compensation Committee may require Executive to furnish to the Company, prior to the issuance of any shares of Common Stock in connection with this award, an agreement, in such form as the Committee may from time to time deem appropriate, in which Executive represents that the shares acquired by him under the award are being acquired for investment and not with a view to the sale or distribution thereof.

The General Counsel of the Company shall be authorized to make such arrangements (if any) as he deems appropriate with respect to creating any trust arrangement with respect to the Deferred Stock award.

This award is made pursuant to the 1988 LTIP and is subject to all of the terms and provisions of the 1988 LTIP as if the same were fully set forth herein. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1988 LTIP.

(h) Creation of Rabbi Trust.

The Company and Executive are parties to an Irrevocable Executive Trust Agreement, a copy of which is attached hereto as Exhibit 1, pursuant to which the Company has deposited into a grantor trust (the "Trust") the Deferred Stock that has vested pursuant to Paragraph 1.1(a)(1) of this Schedule A, together with amounts credited to Executive as dividends or dividend equivalents paid or accrued on such Deferred Stock. By reason of such deposit, the Company has been relieved of any obligation to deliver Executive AMR Common Stock in respect of the Deferred Stock that has vested. Instead, the Company shall be obligated to deliver to Executive an amount, in cash, equal to the value of the assets of the Trust.

Given Executive's economic interest in the performance of the Trust and recognizing that Executive has no legal claim to the assets of the Trust (other than as a general unsecured creditor), the Company agrees that it will cause the Trustee to provide Executive with a copy of each accounting of the Trust (or will provide Executive with a copy thereof within 2 business days after its receipt thereof from the Trustee) and will deliver to the Trustee any objection to such accounting that Executive delivers to the Company in writing within 45 days of delivery of a copy of such accounting to Executive, unless upon review the Company determines Executive's objections to be without merit.

The amount payable to Executive hereunder shall be distributed to Executive within 30 days of his termination of employment with the Company or within 30 days of such later date or dates as may be specified under an elective

deferral made by Executive under Paragraph 1.1(c) of this Schedule A, subject to earlier distribution, including in the event of a Change in Control, in accordance with the terms of the Irrevocable Executive Trust Agreement (which are incorporated herein and made a part hereof).

1.2 Amendments to Stock Option Grants Outstanding as of January 20, 1988.

Any AMR stock options held by Executive as of January 20, 1988 shall be amended to provide for accelerated vesting, and a post-termination exercise period of three years (or, if shorter, until the expiration of the option's original term), in the event of termination due to retirement, Disability or death, termination by the Company without Cause or "Good Reason" termination by Executive; to cancel such options on termination for Cause; and to provide for accelerated vesting and cashout (or limited SARs) on Change in Control.

1.3 Amendments to Restricted Stock Grants Outstanding as of January 20, 1988.

Any Restricted Stock grants held by Executive as of January 20, 1988 shall be amended to provide for accelerated vesting on termination by the Company without Cause or "Good Reason" termination by Executive, and accelerated vesting and cashout on Change in Control.

(v)

February 19, 1998

Mr. Armando M. Codina
Chairman
Codina Group, Inc.
Two Alhambra Plaza, PH2
Coral Gables, FL 33134

Dear Armando:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees in 1998:

1. All directors' fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 1998, through December 31, 1998, will be deferred and paid to you in accordance with the following:

2. Fees will be converted to Stock Equivalent Units in accordance with the Directors' Stock Equivalent Purchase Plan, a copy of which is attached hereto as Exhibit A.

3. On or before January 31, 2008, all the Stock Equivalent Units will be converted to cash and paid to you by multiplying the number of Stock Equivalent Units as of December 31, 2007, by the arithmetic mean of the high and low of AMR stock ("fair market value") during the immediately preceding calendar month.

4. AMR's obligation to make payments pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Margarita Codina.

If the foregoing is satisfactory to you, please indicate by signing and returning the enclosed copy of this letter.

Very truly yours,

Charles D. Marlett
Corporate Secretary

Accepted and agreed:

Armando M. Codina

Date

February 19, 1998

Mr. Charles T. Fisher, III
Renaissance Center
Tower 100
Suite 3520
Detroit, Michigan 48243

Dear Chick:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees:

1. All directors' fees and retainers payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation ("AMR") and American Airlines, Inc. for the period January 1, 1998, through December 31, 1998, will be paid to you on a deferred basis as set forth below.

2. Interest will be accrued on the amounts to be paid on a deferred basis pursuant to paragraph 1 above, from the date such fees would otherwise have been paid to the date actually paid, at the prime rate which The Chase Manhattan Bank (National Association) from time to time charges in New York for 90-day loans to responsible commercial borrowers, such interest to be compounded monthly.

3. The total amount to be paid on a deferred basis plus the aggregate amount of interest accrued thereon and to accrue on the portion unpaid from time to time will be paid to you in four installments as follows:

a) on January 1, 2003, 25% of the deferred fees and 25% of the interest accrued through December 31 of the immediately preceding year;

b) on January 1, 2004, 25% of the deferred fees and 25% of the interest accrued through December 31 of the immediately preceding year;

c) on January 1, 2005, 25% of the deferred fees and 25% of the interest accrued through December 31 of the immediately preceding year; and

d) on January 1, 2006, 25% of the deferred fees and all interest accrued and remaining to be paid on such payment date.

4. AMR's obligation to make payments pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In the event of your death prior to the payments contemplated by paragraph 3 hereof, the amounts remaining will be paid to Charles T. Fisher, III, trustee, under the Charles T. Fisher, III Revocable Living Trust, dated March 24, 1988, as amended c/o NBD Bank, Detroit, Michigan.

If the foregoing is satisfactory to you, please indicate by signing and returning the enclosed copy of this letter.

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

- -----
Charles T. Fisher, III

- -----
Date

February 19, 1998

Mr. Charles H. Pistor, Jr.
4200 Belclaire
Dallas, Texas 75205

Dear Charlie:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees:

1. All directors' fees and retainers payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation ("AMR") and American Airlines, Inc. for the period January 1, 1998, through December 31, 1998, will be paid to you on a deferred basis as set forth below.

2. Interest will be accrued on the amounts to be paid on a deferred basis pursuant to paragraph 1 above, from the date such fees would otherwise have been paid to the date actually paid, at the prime rate which The Chase Manhattan Bank (National Association) from time to time charges in New York for 90-day loans to responsible commercial borrowers, such interest to be compounded monthly.

3. The total amount to be paid on a deferred basis plus the aggregate amount of interest accrued thereon and to accrue on the portion unpaid from time to time will be paid to you in four installments as follows:

a) on January 1, 2000, 25% of the deferred fees and 25% of the interest accrued through December 31 of the immediately preceding year;

b) on January 1, 2001, 25% of the deferred fees and 25% of the interest accrued through December 31 of the immediately preceding year;

c) on January 1, 2002, 25% of the deferred fees and 25% of the interest accrued through December 31 of the immediately preceding year; and

d) on January 1, 2003, 25% of the deferred fees and all interest accrued and remaining to be paid on such payment date.

4. AMR's obligation to make payments pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In the event of your death prior to the payments contemplated by paragraph 3 hereof, the amounts remaining will be paid to Regina Pistor.

If the foregoing is satisfactory to you, please indicate by signing and returning the enclosed copy of this letter.

Very truly yours,

Charles D. Marlett
Corporate Secretary

Accepted and agreed:

- -----
Charles H. Pistor, Jr.

- -----
Date

July 16, 1997

Judith Rodin, PhD.
President
University of Pennsylvania
100 College Hall
Philadelphia, PA 19104

Dear Judith:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees and retainers in 1997:

1. All directors' fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period July 16, 1997, through December 31, 1997, will be deferred and paid to you in accordance with the following:

2. Fees will be converted to Stock Equivalent Units in accordance with the Directors' Stock Equivalent Purchase Plan, a copy of which is attached hereto as Exhibit A.

3. Upon your retirement from the Board of Directors of AMR all the Stock Equivalent Units will be converted to cash and paid to you by multiplying the number of Stock Equivalent Units as of the date of your retirement by the arithmetic mean of the high and low of AMR stock ("fair market value") during the calendar month immediately preceding such retirement date. Such payment will occur within 30 days of your retirement date.

4. AMR's obligation to make payments pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to the Judith Rodin Family Trust.

If the foregoing is satisfactory to you, please indicate by signing and returning the enclosed copy of this letter.

Very truly yours,

Charles D. Marlett
Corporate Secretary

Accepted and agreed:

Judith Rodin

February 19, 1998

Judith Rodin, PhD.
President
University of Pennsylvania
100 College Hall
Philadelphia, PA 19104

Dear Judith:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees and retainers in 1998:

1. All directors' fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 1998 through December 31, 1998, will be deferred and paid to you in accordance with the following:

2. Fees will be converted to Stock Equivalent Units in accordance with the Directors' Stock Equivalent Purchase Plan, a copy of which is attached hereto as Exhibit A.

3. Upon your retirement from the Board of Directors of AMR all the Stock Equivalent Units will be converted to cash and paid to you by multiplying the number of Stock Equivalent Units as of the date of your retirement by the arithmetic mean of the high and low of AMR stock ("fair market value") during the calendar month immediately preceding such retirement date. Such payment will occur within 30 days of your retirement date.

4. AMR's obligation to make payments pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to the Judith Rodin Family Trust.

If the foregoing is satisfactory to you, please indicate by signing and returning the enclosed copy of this letter.

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

- -----
Judith Rodin

- -----
Date

STOCK OPTION

STOCK OPTION granted DATE, by AMR Corporation, a Delaware corporation (the "Corporation"), to <> <>, employee number <>, an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Optionee").

W I T N E S S E T H:

WHEREAS, the stockholders of the Corporation approved the 1988 Long Term Incentive Plan (the "1988 Plan") at the Corporation's annual meeting held on May 18, 1988;

WHEREAS, the 1988 Plan provides for the grant of an option to purchase shares of the Corporation's Common Stock to those individuals selected by the Committee or, in lieu thereof, the Board of Directors of AMR Corporation (the "Board"); and

WHEREAS, the Board has determined that the Optionee is eligible under the Plan and that it is to the advantage and interest of the Corporation to grant the option provided for herein to the Optionee as an incentive for Optionee to remain in the employ of the Corporation or one of its Subsidiaries or Affiliates, and to encourage ownership by the Optionee of the Corporation's Common Stock, \$1 par value (the "Common Stock").

NOW, THEREFORE:

1. Option Grant. The Corporation hereby grants to the Optionee a non-qualified stock option, subject to the terms and conditions hereinafter set forth, to purchase all or any part of an aggregate of <> shares of Common Stock at a price of \$ per share (being the fair market value of the Common Stock on the date hereof), exercisable in approximately equal installments on and after the following dates and with respect to the following number of shares of Common Stock:

Exercisable On and After	Number of Shares
<>	<>
<>	<>
<>	<>
<>	<>
<>	<>

provided, that in no event shall this option be exercisable in whole or in part ten years from the date hereof and that the Company shall in no event be obligated to issue fractional shares. The right to exercise this option and to purchase the number of shares comprising each such installment shall be cumulative, and once such right has become exercisable it may be exercised in whole at any time and in part from time to time until the date of termination of the Optionee's rights hereunder.

2. Restriction on Exercise. Notwithstanding any other provision hereof, this option shall not be exercised if at such time such exercise or the delivery of certificates representing shares of Common Stock purchased pursuant hereto shall constitute a violation of any provision of any applicable Federal or State statute, rule or regulation, or any rule or regulation of any securities exchange on which the Common Stock may be listed.

3. Manner of Exercise. This option may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise by written notice from the Optionee to the Corporation addressed to P.O. Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616, Attention: Executive Compensation. Such notice shall be accompanied by the payment of the option price in cash or by check and, in the event that at the time of such exercise the shares of Common Stock as to which this option is exercisable have not been registered under the Securities Act of 1933, shall include a representation by the Optionee that at the time of such exercise he is acquiring the shares of Common Stock for investment only and not with a view to distribution. Subject to compliance by the Optionee with all the terms and conditions hereof, the Corporation shall promptly thereafter deliver to the Optionee a certificate or certificates for such shares with all requisite transfer stamps attached.

4. Termination of Option. This option shall terminate and may no longer be exercised if (i) the Optionee ceases to be an employee of the Corporation or one of its Subsidiaries or Affiliates; or (ii) the Optionee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation; or (iii) the Employee takes a leave of absence without reinstatement rights, unless otherwise agreed in a writing between the Corporation and the Employee; except that

(a) If the Optionee's employment by the Corporation (and any Subsidiary or Affiliate) terminates by reason of death, the option may thereafter be exercised, to the extent such option was exercisable at the time of death, by the legal representative of the estate or by the legatee of the Optionee under the will of the Optionee, for a period of three years from the date of such death or until the expiration of the stated term of the option, whichever period is the shorter;

(b) If the Optionee's employment by the Corporation (and any Subsidiary or Affiliate) terminates by reason of Disability, the option may thereafter be exercised, to the extent it was exercisable at the time of such disability, for a period of three years from the date of such disability or until the expiration of the stated term of such option, whichever period is the shorter; provided, however, that, if the Optionee dies within such three-year period, any unexercised portion of the option shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of twelve months from the date of such death or until the expiration of the stated term of the option, whichever period is the shorter;

(c) If the Optionee's employment by the Corporation (and any Subsidiary or Affiliate) terminates by reason of Normal or Early Retirement, the option may thereafter be exercised, to the extent it was exercisable at the time of such Retirement, for a period of three years from the date of such retirement or the expiration of the stated term of the option, whichever period is the shorter; provided, however, that, if the Optionee dies within such three-year period, any unexercised portion of the option shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of twelve months from the date of such death or until the expiration of the stated term of the option, whichever period is the shorter; and

(d) If the Optionee's employment by the Corporation (and any Subsidiary or Affiliate) is involuntarily terminated by the Corporation or a Subsidiary or Affiliate (as the case may be) without Cause, the option may thereafter be exercised, to the extent it was exercisable at the time of termination, for a period of three months from the date of such termination of employment or until the stated term of such option, whichever period is shorter.

(e) Change in Control; Potential Change in Control. In the event of a Change in Control or a Potential Change in Control of the Corporation, this option shall become exercisable in accordance with the 1988 Plan, or its successor.

5. Adjustments in Common Stock. In the event of any stock dividend, stock split, merger, consolidation, reorganization, recapitalization or other change in the corporate structure, appropriate adjustments shall be made by the Board in the number of shares, class or classes of securities and the price per share subject to outstanding options and Rights.

6. Non-Transferability of Option. This option may not be transferred except by will or the laws of descent and distribution to the extent provided herein. During the lifetime of the Optionee this option may be exercised only by him or her.

7. Miscellaneous. This option (a) shall be binding upon and inure to the benefit of any successor of the Corporation, (b) shall be governed by the laws of the State of Texas,

and any applicable laws of the United States, and (c) may not be amended except in writing. No contract or right of employment shall be implied by this option.

If this option is assumed or a new option is substituted therefore in any corporate reorganization (including, but not limited to, any transaction of the type referred to in Section 425(a) of the Internal Revenue Code of 1986, as amended), employment by such assuming or substituting corporation or by a parent corporation or a subsidiary thereof shall be considered for all purposes of this option to be employment by the Corporation.

8. Securities Law Requirements. The Corporation shall not be required to issue shares upon the exercise of this option unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered; and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The Board may require the Optionee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with the exercise of this option, an agreement, in such form as the Board may from time to time deem appropriate, in which the Optionee represents that the shares acquired by him upon such exercise are being acquired for investment and not with a view to the sale or distribution thereof.

9. Option Subject to 1988 Plan. Except as contemplated by Section 4(e), this option shall be subject to all the terms and provisions of the 1988 Plan, and the Optionee shall abide by and be bound by all rules, regulations and determinations of the Board of Directors of the Corporation now or hereafter made in connection with the administration of the 1988 Plan. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1988 Plan.

IN WITNESS WHEREOF, the Corporation has executed this Stock Option as of the day and year first above written.

AMR Corporation

By

Charles D. Marlett
Corporate Secretary

Optionee

CAREER EQUITY PROGRAM
DEFERRED STOCK AWARD AGREEMENT

This AGREEMENT made as of _____, 199_, by and between AMR Corporation, a Delaware corporation (the "Corporation"), to <> <> (the "Employee"), employee number <>.

WHEREAS, the stockholders of the Corporation approved the 1988 Long Term Incentive Plan (the "1988 Plan") at the Corporation's annual meeting held on May 18, 1988; and

WHEREAS, pursuant to the Career Equity Program adopted by the Board of Directors of the Corporation (the "Board"), the Board has determined to make a Career Equity Program grant to the Employee of Deferred Stock (subject to the terms of the 1988 Plan and this Agreement), as an inducement for the Employee to remain an employee of the Corporation, and to retain and motivate such Employee during his employment with the Corporation.

NOW, THEREFORE, the Corporation and the Employee hereby agree as follows:

1. Grant of Award. The Employee is hereby granted as of _____, 199_, (the "Grant Date") a Deferred Stock Award (the "Award"), subject to the terms and conditions hereinafter set forth, with respect to <> shares of Common Stock, \$1.00 par value, of the Corporation ("Stock"). The shares of Stock covered by the Award shall vest in accordance with Sections 2, 3, 4, 5, and 6 hereof.

2. Vesting - Normal Retirement or Early Retirement. In the event of the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to Normal Retirement (which is defined as retirement from employment with the Corporation, or any Subsidiary or Affiliate thereof, at or after age 60), the shares of Stock covered by the Award shall become fully vested.

In the event of the termination of the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to Early Retirement (which is defined as an early retirement from employment with the Corporation, or any Subsidiary or Affiliate thereof, at or after age 55 but before age 60), the shares of stock covered by the Award shall vest in accordance with the following schedule:

Age ---	Percentage of Award Vested -----
55	85%
56	88%
57	91%
58	94%
59	97%

Share certificates for the number of shares covered by a vested Award (whether in full or partial) shall be issued and delivered to the Employee on or about the date of Retirement.

Notwithstanding anything to the contrary contained herein and for the purposes of this Award, in order to be eligible for the benefits hereunder associated with Early Retirement, the recipient must be entitled to receive early retirement pension benefits under the then existing policies of the Corporation, Subsidiary or Affiliate, as applicable.

3. Vesting - Death or Disability. In the event of the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to the Employee's death or Disability, the shares of Stock covered by the Award shall vest at a rate of 20% for each full year of employment with the Corporation (or any Subsidiary or Affiliate thereof) after the Grant Date (with pro rata vesting for each full month of employment in partial years). In such case, share certificates for the number of shares so vested shall be issued and delivered to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate) within 60 days after the Employee's death or Disability.

4. Vesting - Termination Not for Cause. If the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) is terminated on or after the Grant Date by the Corporation (or any Subsidiary or Affiliate thereof) other than for Cause, the shares of Stock covered by the Award shall vest at a rate of 10% for each full year of employment with the Corporation (or any Subsidiary or Affiliate thereof) after the Grant Date (with pro rata vesting for each full month of employment in partial years). In such case, share certificates for the number of shares so vested shall be issued and delivered to the Employee in five equal annual installments with the first installment being made one year after the date of such termination; provided, however, that in the event of such termination, vesting of the shares under the Award as provided herein may be predicated upon the Employee agreeing to such terms and conditions as required by the Corporation, including, but not limited to, non-competition and non-disclosure agreements.

5. Vesting - Termination for Cause; Other. In the event that (a) the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) is terminated for Cause; or (b) the Employee terminates his employment with the Corporation, or any Subsidiary or Affiliate thereof, (other than for reasons of Retirement or Disability); or (c) the Employee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation; or (d) the Employee takes a leave of absence

without reinstatement rights, unless otherwise agreed in a writing between the Corporation and the Employee; then all shares of Stock covered by the Award shall be forfeited.

6. Vesting - Change in Control; Potential Change in Control.

In the event of a Change in Control or Potential Change in Control of the Corporation, shares under the Award shall vest in accordance with the 1988 Plan or its successor.

7. Elective Deferrals. At any time at least 12 months prior to

the date of the Employee's Retirement, the Employee may elect in writing, subject to Board approval, to voluntarily defer the receipt of the shares of Stock covered by the Award for a specified additional period beyond the date of the Employee's termination of employment (the "Elective Deferral Period"). Any shares deferred pursuant to this Section 7 shall be issued to the Employee within 60 days after the end of the Elective Deferral Period. In the event of the death of the Employee during the Elective Deferral Period, the shares so deferred shall be issued to the Employee's designated Beneficiary (or to the Employee's estate, in the absence of an effective beneficiary designation) within 60 days after the Board receives written notification of death.

8. Transfer Restrictions. This Award is non-transferable

otherwise than by will or by the laws of descent and distribution, and may not otherwise be assigned, pledged or hypothecated and shall not be subject to execution, attachment or similar process. Upon any attempt by the Employee (or the Employee's successor in interest after the Employee's death) to effect any such disposition, or upon the levy of any such process, the Award shall immediately become null and void, at the discretion of the Board.

9. Miscellaneous. This Agreement (a) shall be binding upon and

inure to the benefit of any successor of the Corporation, (b) shall be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. No contract or right of employment shall be implied by this Agreement. If this Award is assumed or a new award is substituted therefore in any corporate reorganization, employment by such assuming or substituting corporation or by a parent corporation or subsidiary or affiliate thereof shall be considered for all purposes of this Award to be employment by the Corporation. In the event Employee does not forward to the Corporation, within the applicable period, required taxes with respect to any Award distributed pursuant to this Agreement, the Corporation may withhold from any payments to be made to the Employee by the Corporation (or any Subsidiary or Affiliate thereof), an amount(s) equal to such taxes.

10. Securities Law Requirements. The Corporation shall not be

required to issue shares pursuant to this Award unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered; and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The Board may require the Employee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with this Award, an agreement, in such form as the Board may from time to time deem appropriate, in which the Employee represents that the shares acquired by him under the Award are being acquired for investment and not with a view to the sale or distribution thereof.

11. Incorporation of 1988 Plan Provisions. Except as contemplated by Section 6, this Agreement is made pursuant to the 1988 Plan and is subject to all of the terms and provisions of the 1988 Plan as if the same were fully set forth herein. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1988 Plan.

12. Participation in Long-Term Incentive Plans. If at the time of i) Employee's Retirement from the Corporation (or any Subsidiary or Affiliate thereof) or ii), the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) for reasons contemplated by Sections 3 or 4, the Employee has received payment(s) under the terms of a long-term incentive plan(s) adopted by any Subsidiary or Affiliate of the Corporation, the Employee agrees that in lieu of the shares of Stock that have vested pursuant to this Award, the Employee will receive shares of stock having a fair market value as of the vesting date equal to the positive difference, if any, between the fair market value (as of the vesting date) of the shares of Stock that have vested hereunder and the aggregate nominal value of the payment(s) made under such long-term incentive plan(s).

13. Payment of Performance Return Payments and Dividend Equivalents; Voting Rights.

(a) Performance Return Payments. Subject to the terms and conditions set forth in the attached Schedule A, Performance Return Payments (as defined in such Schedule A) shall be paid annually on or about the date as may be designated from time to time by the Board or any committee thereof (the "Payment Date") on all or a specified portion of the shares of Deferred Stock covered by this Award, as set forth in such Schedule A, based on: (i) the greater of (y) a deemed investment rate equal to the Corporation's Rolling Average ROI as defined and determined in accordance with the terms and conditions set forth in such Schedule A or (z) 6%; and (ii) the value of the Stock as determined by the Board, or any committee thereof, pursuant to Schedule A.

In addition, the Employee shall be entitled, subject to the consent of the Board, to elect to defer receipt of such Performance Return Payments in accordance with the American Airlines, Inc. 1987 Executive Deferral Plan or its successor plan.

(b) Dividend Equivalents. The Employee shall also be entitled to payment of an amount equal to (i) the amount of any dividend declared per share on the Corporation's Stock after the Grant Date and prior to issuance to, or forfeiture by, the Employee of the shares of Deferred Stock covered by this Award, multiplied by (ii) the number of unissued and unforfeited shares of Deferred Stock covered by this Award, provided (y) that the amount of any such dividend equivalents shall be offset by the amount of any Performance Return Payments paid under this Award within the preceding 11 months and (z) that, unless the Board otherwise decides prior to the dividend payment date, such dividend equivalent payment shall be automatically deferred and treated as additional shares of Deferred Stock, subject to the same terms and conditions that apply to the related shares of Deferred Stock with respect to which such dividend equivalents were initially payable.

(c) Voting and Other Rights. The Employee shall have no ownership rights, including voting rights, with respect to the shares of Deferred Stock covered by this Award unless and until shares of stock are actually issued to the Employee."

* * *

EMPLOYEE

AMR CORPORATION

C. D. MarLett
Corporate Secretary

Schedule A
Performance Return Payments

1. Performance Return Payments may be paid on a percentage of the shares covered by the Award, such percentage to be established, from time to time, by the Chairman of the Corporation.
2. The price of those shares, if any, subject to Performance Return Payments, will be as determined by the Board, or any committee thereof, and will approximate the then existing price of the Stock on the New York Stock Exchange.
3. The three-year rolling average return of investment of AMR Corporation (the "ROI"), as referenced in Section 13 of the Agreement, will be calculated as soon as practical following the end of the Corporation's fiscal year. In determining ROI, the following definitions will control:

The Measurement Period is the three most recent fiscal years.

AMR is AMR Corporation.

Committee is the AMR Incentive Compensation Committee.

Plan Returns is the sum of AMR pre-tax income, interest expense, and any accounting adjustments or extraordinary or unusual items which may be included or excluded at the discretion of the Committee and approved by the Board of Directors of AMR, or a committee thereof.

Adjusted Investment is the sum of AMR's notes payable, current maturities of long term debt, current maturities on capital leases, non-current long term debt, non-current capital leases, and stockholders' equity and any extraordinary or unusual items which may be included or excluded at the discretion of the Committee and approved by the Board of Directors of AMR, or a committee thereof.

Average Adjusted Investment for a fiscal year is (i) the sum of Adjusted Investment as of December 31 of the immediately prior fiscal year and Adjusted Investment as of September 30 of the fiscal year for which ROI is being calculated (ii) divided by two.

ROI for a fiscal year is Plan Returns for a fiscal year divided by Average Adjusted Investment for that same fiscal year, stated as a percentage.

ROI for the Measurement Period is the sum of ROI for each year of the Measurement Period divided by three.
4. In the event of an Employee's termination of employment with the Corporation (and any Subsidiary or Affiliate thereof) for reasons of death, Disability, or Retirement, Performance Return Payments, if any, which are paid on or around the first occurrence of the Payment Date after the date of death, Disability, or Retirement, shall be paid to the Employee (or, in the event of the Employee's

death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate) at the rate of 8 1/3% for each full or partial month of employment since the Payment Date of the preceding year. Notwithstanding the foregoing, however, no Performance Return Payments shall be made to an Employee if the Employee's employment with the Corporation (and any Subsidiary or Affiliate thereof) is terminated for Cause.

CAREER EQUITY PROGRAM
DEFERRED STOCK AWARD AGREEMENT

This AGREEMENT made as of _____, 199_, by and between AMR Corporation, a Delaware corporation (the "Corporation"), to <> <> (the "Employee"), employee number <>.

WHEREAS, the stockholders of the Corporation approved the 1988 Long Term Incentive Plan, as amended (the "1988 Plan"); and

WHEREAS, pursuant to the Career Equity Program adopted by the Board of Directors of the Corporation (the "Board"), the Board has determined to make a Career Equity Program grant to the Employee of Deferred Stock (subject to the terms of the 1988 Plan and this Agreement), as an inducement for the Employee to remain an employee of the Corporation, and to retain and motivate such Employee during his employment with the Corporation.

NOW, THEREFORE, the Corporation and the Employee hereby agree as follows:

1. Grant of Award. The Employee is hereby granted as of _____, 199_, (the "Grant Date") a Deferred Stock Award (the "Award"), subject to the terms and conditions hereinafter set forth, with respect to <> shares of Common Stock, \$1.00 par value, of the Corporation ("Stock"). The shares of Stock covered by the Award shall vest in accordance with Sections 2, 3, 4, 5, and 6 hereof.

2. Vesting - Normal Retirement or Early Retirement. In the event of the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to Normal Retirement (which is defined as retirement from employment with the Corporation, or any Subsidiary or Affiliate thereof, at or after age 60), the shares of Stock covered by the Award shall become fully vested.

In the event of the termination of the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to Early Retirement (which is defined as an early retirement from employment with the Corporation, or any Subsidiary or Affiliate thereof, at or after age 55 but before age 60), the shares of stock covered by the Award shall vest in accordance with the following schedule:

Age ---	Percentage of Award Vested -----
55	85%
56	88%
57	91%
58	94%
59	97%

Share certificates for the number of shares covered by a vested Award (whether in full or partial) shall be issued and delivered to the Employee on or about the date of Retirement.

Notwithstanding anything to the contrary contained herein, and for the purposes of this Award, in order to be eligible for the benefits hereunder associated with Early Retirement, the recipient must be entitled to receive early retirement pension benefits under the then existing policies of the Corporation, Subsidiary or Affiliate, as applicable.

3. Vesting - Death or Disability. In the event of the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to the Employee's death or Disability, the shares of Stock covered by the Award shall vest at a rate of 20% for each full year of employment with the Corporation (or any Subsidiary or Affiliate thereof) after the Grant Date (with pro rata vesting for each full month of employment in partial years). In such case, share certificates for the number of shares so vested shall be issued and delivered to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate) within 60 days after the Employee's death or Disability.

4. Vesting - Termination Not for Cause. If the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) is terminated on or after the Grant Date by the Corporation (or any Subsidiary or Affiliate thereof) other than for Cause, the shares of Stock covered by the Award shall vest at a rate of 10% for each full year of employment with the Corporation (or any Subsidiary or Affiliate thereof) after the Grant Date (with pro rata vesting for each full month of employment in partial years after the initial year). In such case, share certificates for the number of shares so vested may be issued and delivered to the Employee in five equal annual installments with the first installment being made one year after the date of such termination; provided, however, that in the event of such termination, vesting of the shares under the Award as provided herein may be predicated upon the Employee agreeing to such terms and conditions as required by the Corporation, including, but not limited to, non-competition and non-disclosure agreements.

5. Vesting - Termination for Cause; Other. In the event that (a) the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) is terminated for Cause; or (b) the Employee terminates his employment with the Corporation; or (c) the Employee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation; or (d) the Employee takes a leave of absence without reinstatement rights, unless otherwise agreed in a writing between the Corporation and the Employee; or (e) the employee ceases to be a member of management at level 5 and

above; then all shares of Stock covered by the Award shall be forfeited.

6. Vesting - Change in Control; Potential Change in Control. In the event of a Change in Control or Potential Change in Control of the Corporation, shares under the Award shall vest in accordance with the 1988 Plan or its successor.

7. Elective Deferrals. At any time at least 12 months prior to the date of the Employee's Retirement, the Employee may elect in writing, subject to Board approval, to voluntarily defer the receipt of the shares of Stock covered by the Award for a specified additional period beyond the date of the Employee's termination of employment (the "Elective Deferral Period"). Any shares deferred pursuant to this Section 7 shall be issued to the Employee within 60 days after the end of the Elective Deferral Period. In the event of the death of the Employee during the Elective Deferral Period, the shares so deferred shall be issued to the Employee's designated Beneficiary (or to the Employee's estate, in the absence of an effective beneficiary designation) within 60 days after the Board receives written notification of death.

8. Transfer Restrictions. This Award is non-transferable otherwise than by will or by the laws of descent and distribution, and may not otherwise be assigned, pledged or hypothecated and shall not be subject to execution, attachment or similar process. Upon any attempt by the Employee (or the Employee's successor in interest after the Employee's death) to effect any such disposition, or upon the levy of any such process, the Award shall immediately become null and void, at the discretion of the Board.

9. Miscellaneous. This Agreement (a) shall be binding upon and inure to the benefit of any successor of the Corporation, (b) shall be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. No contract or right of employment shall be implied by this Agreement. If this Award is assumed or a new award is substituted therefore in any corporate reorganization, employment by such assuming or substituting corporation or by a parent corporation or subsidiary or affiliate thereof shall be considered for all purposes of this Award to be employment by the Corporation. In the event Employee does not forward to the Corporation, within the applicable period, required taxes with respect to any Award distributed pursuant to this Agreement, the Corporation may withhold from any payments to be made to the Employee by the Corporation (or any Subsidiary or Affiliate thereof), an amount(s) equal to such taxes.

10. Securities Law Requirements. The Corporation shall not be required to issue shares pursuant to this Award unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered; and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The Board may require the Employee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with this Award, an agreement, in such form as the Board may from time to time deem appropriate, in which the Employee represents that the shares acquired by him under the Award are being acquired for investment and not with a view to the sale or distribution thereof.

11. Incorporation of 1988 Plan Provisions. Except as contemplated by Section 6, this Agreement is made pursuant to the 1988 Plan and is subject to all of the terms and provisions of the 1988 Plan as if the same were fully set forth herein. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1988 Plan.

12. Participation in Long-Term Incentive Plans. If at the time of i) Employee's Retirement from the Corporation (or any Subsidiary or Affiliate thereof) or ii), the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) for reasons contemplated by Section 3 or 4, the Employee has received payment(s) under the terms of a long-term incentive plan(s) adopted by any Subsidiary or Affiliate of the Corporation, the Employee agrees that in lieu of the shares of Stock that have vested pursuant to this Award, the Employee will receive shares of stock having a fair market value as of the vesting date equal to the positive difference, if any, between the fair market value (as of the vesting date) of the shares of Stock that have vested hereunder and the aggregate nominal value of the payment(s) made under such long-term incentive plan(s).

* * *

IN WITNESS HEREOF, the Employee and the Corporation have executed this Career Equity Grant as of the day and year first above written.

* * * * *

EMPLOYEE

AMR CORPORATION

C. D. MarLett
Corporate Secretary

1997-1999 PERFORMANCE SHARE PROGRAM
DEFERRED STOCK AWARD AGREEMENT

This AGREEMENT made as of _____, 199_, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and (the "Employee"), employee number .

WHEREAS, the stockholders of the Corporation approved the 1988 Long Term Incentive Plan (the "1988 Plan") at the Corporation's annual meeting held on May 18, 1988; and

WHEREAS, pursuant to the Performance Share Program (the "Program") adopted by the Board of Directors of the Corporation (the "Board"), the Board has determined to make a Program grant to the Employee of Deferred Stock (subject to the terms of the 1988 Plan and this Agreement), as an inducement for the Employee to remain an employee of the Corporation (or a Subsidiary or Affiliate thereof), and to retain and motivate such Employee during such employment.

NOW, THEREFORE, the Corporation and the Employee hereby agree as follows:

1. Grant of Award. The Employee is hereby granted as of _____, 199_, (the "Grant Date") a Deferred Stock Award (the "Award"), subject to the terms and conditions hereinafter set forth, with respect to ___ shares of Common Stock, \$1.00 par value, of the Corporation ("Stock"). The shares of Stock covered by the Award shall vest in accordance with Section 2.

2. Vesting. (a) The Award will vest, if at all, in accordance with Schedule A, attached hereto and made a part of this Agreement. (b) In the event of the termination of Employee's employment with the Corporation (or a Subsidiary or Affiliate thereof) prior to the end of three year measurement period set forth in Schedule A (the "Measurement Period") due to the Employee's death, Disability, Retirement or termination not for Cause (each an "Early Termination") the Award will vest, if at all, on a prorata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate) as soon as practicable after the end of the Measurement Period. The prorata share will be a percentage where the denominator is 36 and the numerator is the number of months from January 1, 1997 through the month of the Early Termination, inclusive.

(c) In the event of the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) for Cause, or if the Employee terminates his employment with the Corporation (or any Subsidiary or Affiliate thereof) prior to the distribution of any Award hereunder, the Award shall be forfeited in its entirety.

(d) In the event of a Change in Control or Potential Change in Control of the Corporation, the Award shall vest in accordance with the 1988 Plan, or its successor.

(e) If prior to the distribution of any Award hereunder, the Employee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation, then the Award shall be forfeited in its entirety.

(f) If prior to the distribution of any Award hereunder, the Employee takes a leave of absence without reinstatement rights, and unless otherwise agreed in a writing between the Corporation and the Employee, then the Award shall be forfeited in its entirety.

3. Payment in Cash. Upon a determination by the Board, an Award may be paid in cash or other consideration in accordance with a formula as adopted by the Board.

4. Elective Deferrals. At any time at least 12 months prior to the end of the Measurement Period, the Employee may elect in writing, subject to Board approval, to voluntarily defer the receipt of the Stock for a specified additional period beyond the end of the Measurement Period (the "Elective Deferral Period"). Any Stock deferred pursuant to this Section 4 shall be issued to the Employee within 60 days after the end of the Elective Deferral Period. In the event of the death of the Employee during the Elective Deferral Period, the Stock so deferred shall be issued to the Employee's designated Beneficiary (or to the Employee's estate, in the absence of an effective beneficiary designation) within 60 days after the Corporation receives written notification of death.

5. Transfer Restrictions. This Award is non-transferable otherwise than by will or by the laws of descent and distribution, and may not otherwise be assigned, pledged or hypothecated and shall not be subject to execution, attachment or similar process. Upon any attempt by the Employee (or the Employee's successor in interest after the Employee's death) to effect any such disposition, or upon the levy of any such process, the Award may immediately become null and void, at the discretion of the Board.

6. Miscellaneous. This Agreement (a) shall be binding upon and inure to the benefit of any successor of the Corporation, (b) shall be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. No contract or right of employment shall be implied by this Agreement. In the event Employee does not forward to the Corporation, within the applicable period, required taxes with respect to any Award distributed pursuant to this Agreement, the Corporation may withhold from any payments to be made to the Employee by the Corporation (or any Subsidiary or Affiliate thereof), an amount(s) equal to such taxes.

7. Securities Law Requirements. The Corporation shall not be required to issue Stock pursuant to this Award unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered; and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The Board may require the Employee to furnish to the Corporation, prior to the issuance of the Stock in connection with this Award, an agreement, in such form as the Board may from time to time deem appropriate, in which the Employee represents that the shares acquired by him under the Award are being acquired for investment and not with a view to the sale or distribution thereof.

8. Incorporation of 1988 Plan Provisions. Except as contemplated by Section 2(d), this Agreement is made pursuant to the 1988 Plan and is subject to all of the terms and provisions of the 1988 Plan as if the same were fully set forth herein. Capitalized terms not otherwise defined herein (inclusive of Schedule A) shall have the meanings set forth for such terms in the 1988 Plan.

IN WITNESS WHEREOF, the Employee and the Corporation have executed this Performance Share Grant as of the day and year first above written.

EMPLOYEE

AMR CORPORATION

By:

Charles D. Marlett
Corporate Secretary

SCHEDULE A

AMR CORPORATION

1997 - 1999 PERFORMANCE SHARE PLAN
FOR OFFICERS AND KEY EMPLOYEES

PURPOSE

The purpose of the 1997 - 1999 AMR Corporation Performance Share Plan (Plan) for Officers and Key Employees is to provide greater incentive to officers and key employees of AMR Corporation (AMR or the Corporation), to achieve the highest level of individual performance, and to meet or exceed specified goals which will contribute to the success of the Corporation.

DEFINITIONS

Unless otherwise indicated in the 1988 Plan as amended or the applicable award agreement between the Corporation and the Employee relating to the performance shares, the following definitions will control:

AMR is defined as AMR Corporation.

COMMITTEE is defined as the Compensation/Nominating Committee of the AMR Board of Directors.

ADJUSTED EARNINGS/(LOSS) is defined as the sum of the Corporation's Consolidated earnings/(loss) applicable to common shares, preferred dividends, and American Airlines Inc. (American) aircraft rental expense - net of the Related Tax Impact, less: Calculated Interest on Operating Leases - net of the Related Tax Impact, and Calculated Amortization of Operating Leases - net of the Related Tax Impact.

NET CASH FLOW is defined as the sum of Adjusted Earnings/(Loss), the Corporation's depreciation and amortization expense, Calculated Interest on Operating Leases - net of the Related Tax Impact, Calculated Amortization of Operating Leases, and any accounting adjustments or extraordinary or unusual items (net of the Related Tax Impact) or other non-cash items which may be added or deducted at the discretion of the AMR Incentive Compensation Committee (Committee) and approved by the AMR Board of Directors.

PLAN AVERAGE NET CASH FLOW is defined as the sum of the Net Cash Flow amounts for all of the fiscal years in the measurement period divided by three.

ADJUSTED GROSS ASSETS is defined as the Corporation's consolidated total assets plus the Capitalized Value of Operating Leases plus Accumulated Depreciation on Equipment and Property plus Accumulated Amortization on Equipment and Property under Capital Leases, minus cash and short-term investments.

CAPITALIZED VALUE OF OPERATING LEASES is defined as the initial present value of the lease payments required under American's aircraft operating leases over the initial stated lease term, calculated using a discount rate of Prime plus one percent.

PRIME is defined as the base rate on Corporate Loans posted by at least 75% of the 30 largest U.S. banks which is published daily in the Wall Street Journal.

CALCULATED INTEREST ON OPERATING LEASES is defined as the interest expense imputed in American's operating leases and is determined by applying the interest rate used in determining the Capitalized Value of Operating Leases to the average obligation balance of such leases (calculated as the remaining obligation balance at the end of the fiscal year plus the remaining obligation balance at the end of the prior fiscal year, divided by two).

CALCULATED AMORTIZATION OF OPERATING LEASES is defined as the amortization expense associated with Capitalized Value of Operating Leases and is determined by the straight line method of amortization over the lease term.

RELATED TAX IMPACT of an adjustment made in determining Adjusted Earnings/(Loss) or Net Cash Flow is defined as the amount of that adjustment multiplied by the Corporation's estimated marginal tax rate for the relevant year, as determined by the Tax Department.

MEASUREMENT PERIOD is defined as the three year period beginning January 1, 1997 and ending December 31, 1999.

AVERAGE ADJUSTED GROSS ASSETS is Adjusted Gross Assets as of December 31 of a given year during the measurement period, plus Adjusted Gross Assets as of December 31 of the prior fiscal year, divided by two.

PLAN AVERAGE ADJUSTED GROSS ASSETS is the sum of Average Adjusted Gross Assets for each of the years during the measurement period divided by three.

CASH FLOW RETURN ON GROSS ASSETS is defined as Plan Average Net Cash Flow divided by Plan Average Adjusted Gross Assets.

COMPARISON AIRLINES shall consist of UAL Corp., Delta Airlines Inc., Southwest Airlines Inc., and USAir Group.

Unless otherwise indicated, the sources for all of the financial data specified above are the applicable Annual Reports on Form 10-K filed by the Corporation.

ACCUMULATION OF SHARES

The number of shares under the Plan to be distributed to individual participants is based on the applicable award agreement between the Corporation and the Employee and is determined by (i) the Corporation's Cash Flow Return on Gross Assets (CFROGA), and (ii) the Corporation's relative rank among the Comparison Airlines with regard to Cash Flow Return on Gross Assets. The accumulation of shares is specified below:

GRANTED SHARES - PERCENT OF TARGET					
AMR'S CFROGA					
AMR's	> = 5.70% and	> = 6.80% and	> = 7.90% and		
Ranking	< 5.70%	< 6.80%	< 7.90%	< 8.60%	> = 8.60%
1st	75%	100%	125%	150%	175%
2nd	50%	75%	100%	125%	150%
3rd	25%	50%	75%	100%	125%
4th	0%	25%	50%	75%	100%
5th	0%	0%	0%	0%	0%

ADMINISTRATION

The Compensation Committee ("Committee") of the Corporation shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper operation of the Plan. In computing the Cash Flow Return on Assets of the Comparison Airlines, the Committee may include or exclude special or non-recurring items. The amount, if any, of the fund shall be computed by the General Auditor of American based on a certification of CFROGA by American's independent auditors. A summary of awards under the Plan shall be provided to the Board of Directors at the first regular meeting following determination of the awards. The Committee may determine to pay a cash equivalent in lieu of the stock award.

GENERAL

Nothing in the Plan shall be deemed to give any employee the right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to receive shares as may have been expressly awarded by the Committee.

In consideration of the employee's privilege to participate in the Plan, the employee agrees not to disclose any trade secrets of, or other confidential/restricted information during his or her employment with the Corporation or any of its Affiliates or after such employment is terminated.

The Board of Directors may amend, suspend, or terminate the Plan at any time.

AMR CORPORATION

1998 - 2000 PERFORMANCE SHARE PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 1998 - 2000 AMR Corporation Performance Share Plan ("Plan") for Officers and Key Employees is to provide greater incentive to officers and key employees of AMR Corporation ("AMR" or "the Corporation"), to achieve the highest level of individual performance, and to meet or exceed specified goals which will contribute to the success of the Corporation.

Definitions

This Plan has been approved by the Committee under the terms and conditions of the 1988 Long Term Incentive Plan, as amended ("LTIP"). Capitalized terms not otherwise defined in the Plan or the award agreement for performance shares between the Corporation and the employee, will have the meanings set forth in the LTIP.

For purposes of the Plan, the following definitions will control:

"AMR" is defined as AMR Corporation.

"Committee" is defined as the Compensation Committee of the AMR Board of Directors.

"Adjusted Earnings/(Loss)" is defined as the sum of the Corporation's Consolidated earnings/(loss) applicable to common shares, preferred dividends, and American Airlines Inc. ("American") aircraft rental expense - net of the Related Tax Impact, less: Calculated Interest on Operating Leases - net of the Related Tax Impact, and Calculated Amortization of Operating Leases - net of the Related Tax Impact.

"Net Cash Flow" is defined as the sum of Adjusted Earnings/(Loss), the Corporation's depreciation and amortization expense, Calculated Interest on Operating Leases - net of the Related Tax Impact, Calculated Amortization of Operating Leases, and any accounting adjustments or extraordinary or unusual items (net of the Related Tax Impact) or other non-cash items which may be added or deducted at the discretion of the AMR Incentive Compensation Committee and approved by the AMR Board of Directors.

"Plan Average Net Cash Flow" is defined as the sum of the Net Cash Flow amounts for all of the fiscal years in the measurement period divided by three.

"Adjusted Gross Assets" is defined as the Corporation's consolidated total assets plus the Capitalized Value of Operating Leases plus Accumulated Depreciation on Equipment and Property plus Accumulated Amortization on Equipment and Property under Capital Leases, minus cash and short-term investments.

"Capitalized Value of Operating Leases" is defined as the initial present value of the lease payments required under American's aircraft operating leases over the initial stated lease term, calculated using a discount rate of Prime plus one percent.

"Prime" is defined as the base rate on Corporate Loans posted by at least 75% of the 30 largest U.S. banks which is published daily in the Wall Street Journal.

"Calculated Interest on Operating Leases" is defined as the interest expense imputed in American's operating leases and is determined by applying the interest rate used in determining the Capitalized Value of Operating Leases to the average obligation balance of such leases (calculated as the remaining obligation balance at the end of the fiscal year plus the remaining obligation balance at the end of the prior fiscal year, divided by two).

"Calculated Amortization of Operating Leases" is defined as the amortization expense associated with Capitalized Value of Operating Leases and is determined by the straight line method of amortization over the lease term.

"Related Tax Impact" of an adjustment made in determining Adjusted Earnings/(Loss) or Net Cash Flow is defined as the amount of that adjustment multiplied by the Corporation's estimated marginal tax rate for the relevant year, as determined by the Tax Department.

"Measurement Period" is defined as the three year period beginning January 1, 1998 and ending December 31, 2000.

"Average Adjusted Gross Assets" is Adjusted Gross Assets as of December 31 of a given year during the measurement period, plus Adjusted Gross Assets as of December 31 of the prior fiscal year, divided by two.

"Plan Average Adjusted Gross Assets" is the sum of Average Adjusted Gross Assets for each of the years during the measurement period divided by three.

"Cash Flow Return on Gross Assets" is defined as Plan Average Net Cash Flow divided by Plan Average Adjusted Gross Assets.

"Comparison Airlines" shall consist of Delta Air Lines Inc., Southwest Airlines Inc., UAL Corp., and USAir Group.

Unless otherwise indicated, the sources for all of the financial data specified above are the applicable Annual Reports on Form 10-K filed by the Corporation.

Accumulation of Shares

The number of shares under the Plan to be distributed to individual participants is based on the applicable award agreement between the Corporation and the Employee and is determined by (i) the Corporation's Cash Flow Return on Gross Assets ("CFROGA"), and (ii) the Corporation's relative rank among the Comparison Airlines with regard to CFROGA. The accumulation of shares is specified below:

GRANTED SHARES - PERCENT OF TARGET					
AMR'S CFROGA					
AMR's Ranking	< 5.70%	> = 5.70% and < 6.80%	> = 6.80% and < 7.90%	> = 7.90% and < 8.60%	> = 8.60%
1st	75%	100%	125%	150%	175%
2nd	50%	75%	100%	125%	150%
3rd	25%	50%	75%	100%	125%
4th	0%	25%	50%	75%	100%
5th	0%	0%	25%	50%	75%

Administration

The Committee shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper operation of the Plan. In computing CFROGA of the Comparison Airlines, the Committee may include or exclude special or non-recurring items. The amount, if any, of the fund shall be computed by the General Auditor of American based on a certification of CFROGA by American's independent auditors. A summary of awards under the Plan shall be provided to the Board of Directors at the first regular meeting following determination of the awards. The Committee may determine to pay a cash equivalent in lieu of the stock award.

General

Neither this Plan nor any action taken hereunder shall be construed as giving any employee or participant the right to be retained in the employ of American or an Affiliate.

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to receive an award as may have been expressly awarded by the Committee.

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage, or

any other act beyond the control of the Company, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects the Company or its Subsidiaries or its Affiliates, the Board of Directors of the Company, at its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Board may deem necessary), or substitute any awards due currently or in the future under the Plan, including, but not limited to, any awards that have accrued to the benefit of participants but have not yet been paid.

In consideration of the employee's privilege to participate in the Plan, the employee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American, to any unauthorized party and, (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American or after such employment is terminated, and (iii) not to solicit any current employees of American or any subsidiaries of AMR Corporation to join the employee at his or her new place of employment after his or her employment with American is terminated.

The Board of Directors may amend, suspend, or terminate the Plan at any time.

AMERICAN AIRLINES, INC.
1987 EXECUTIVE DEFERRAL PLAN
(AS AMENDED THROUGH 1997)

MASTER PLAN DOCUMENT
JANUARY 1, 1987

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1987 EXECUTIVE DEFERRAL PLAN
OF
AMERICAN AIRLINES, INC.

PURPOSE

The purpose of this Plan is to provide specified benefits to key employees who contribute materially to the growth, development and business success of AMERICAN AIRLINES, INC. and its affiliates and subsidiaries.

The Plan is intended to be a "top hat plan" within the meaning of sections 201(2), 301(a)(3) and 401(a)(2) of the Employee Retirement Income Security Act of 1974, as amended, and accordingly, all terms hereof shall be construed in a manner consistent with such provisions.

ARTICLE 1
DEFINITIONS

For purposes hereof, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 ACCOUNT BALANCE shall consist of Deferrals and the earnings credited thereon pursuant to Article 5, less any withdrawals.

1.2 AGREEMENT shall mean the form of written agreement entered into by and between an Employer and a Participant with respect to the Plan. Each Agreement executed by a Participant shall provide within the context of the Master Plan Document for the Benefit to which such Participant is entitled under the Plan.

1.3 ANNIVERSARY DATE shall be the last day of a Plan year.

1.4 BENEFIT shall mean the amount paid under the Plan.

1.5 BENEFICIARY shall mean the person or persons or the estate of Participant named (pursuant to Article 10) to receive any benefits under this Plan upon the death of a Participant.

1.6 COMMITTEE shall mean the committee appointed to manage and administer the Plan in accordance with the provisions of this Master Plan Document.

1.7 COMPANY shall mean AMERICAN AIRLINES, INC., its affiliates, subsidiaries and the successors of each.

1.8 COVERED COMPENSATION shall mean that portion of a Participant's Gross Salary, Performance Return(s), Performance Share(s), and Incentive(s) eligible for Deferral.

1.9 DEFERRAL(S) shall mean the amount or amounts of Covered Compensation that a Participant elects to defer pursuant to the Plan.

1.10 EFFECTIVE DATE shall be January 1, 1987.

1.11 EMPLOYER shall mean the Company and any affiliate or subsidiary having one or more Executives.

1.12 EXECUTIVE shall mean any person in the regular full-time employment of the Company or any of its affiliates or subsidiaries (as determined by the then existing personnel policies and practices of the Company or affiliate or subsidiary) who has been determined by the Committee to be eligible for participation in the Plan.

1.13 GROSS SALARY will mean the yearly salary and commissions paid to an Executive, excluding, Incentive(s), overtime, and non-monetary awards, for employment services to the Employer.

1.14 INCENTIVE(S) shall mean payment pursuant to any incentive, commission, profit sharing, or other bonus payment plan sponsored by the Employer.

1.15 MASTER PLAN DOCUMENT is this document setting forth the provisions of the Plan.

1.16 PARTICIPANT shall mean any Executive who elects to participate in the Plan, signs an Agreement and is accepted into the Plan.

1.17 PERFORMANCE RETURN(S) shall be the proceeds that the Participant could receive during a Plan Year as a Performance Return on Career Equity pursuant to the Participant's career equity contract.

1.18 PERFORMANCE SHARE(S) shall be the cash equivalent proceeds that the Participant could receive during a Plan Year pursuant to the Performance Share Program.

1.19 PLAN shall mean this 1987 Executive Deferral Plan of American Airlines, Inc., which shall be evidenced by this Master Plan Document and by each Agreement.

1.20 PLAN YEAR shall begin on January 1 of each year.

1.21 RETIREMENT shall mean achievement of retiree status with the Employer (as determined by the then existing personnel policies of the Employer).

1.22 TERMINATION OF EMPLOYMENT or TERMINATION shall mean the ceasing of employment, voluntarily or involuntarily, excluding Retirement or death.

ARTICLE 2
ELIGIBILITY

2.1 The Committee shall have the sole discretion to determine those individuals who are eligible to become Participants in the Plan.

2.2 To become a Participant, the Executive shall complete, execute, and return to the Committee an Agreement and comply with any further conditions as many be established by the Committee.

ARTICLE 3
DEFERRAL COMMITMENTS

3.1 Elections to defer Covered Compensation must be made and received by the Committee by December 31 of the Plan Year prior to the Plan Year in which the Deferral will actually be made.

3.2 The minimum annual Deferral shall be: either one hundred percent (100%) of, or a minimum of five thousand dollars (\$5,000) from, Gross Salary; either one hundred percent (100%) of, or a minimum of five thousand dollars (\$5,000) from, Incentives; either one hundred percent (100%) of, or a minimum of five thousand dollars (\$5,000) from, Performance Returns; or either one hundred percent (100%) of, or a minimum of five thousand dollars (\$5,000) from, Performance Shares.

3.3 The maximum annual Deferral shall be 100% of Covered Compensation per Plan Year, excluding FICA and other deductions required by law.

3.4 Deferrals from the Participant's Gross Salary shall be deducted in equal amounts for each pay period during the Plan Year.

3.5 Deferrals from the Participant's Incentives, Performance Returns, or Performance Shares shall be deducted at the time of the Incentive payment, Performance Return, or Performance Share payment.

3.6 A Participant shall be fully vested in his or her Account Balance at all times.

ARTICLE 4
EFFECT ON OTHER BENEFITS

4.1 Deferrals shall not reduce benefits from any other employee benefit plan of the Employer that is based on a Participant's Gross Salary, except that Deferrals shall not constitute compensation for purposes of calculating pension benefits or allowable deductions under the Employer's section 401(k) plan (the Super Saver Plan) unless and until distributed. This includes, but is not limited to, life insurance and disability benefits.

ARTICLE 5
ESTABLISHING OF ACCOUNT AND CREDITING OF EARNINGS

5.1 The Employer shall establish on its books an account for each Participant in the Plan.

5.2 Each such account shall constitute only a bookkeeping entry by the Employer for purposes of facilitating the computation of Benefits.

5.3 Account Balances shall be adjusted monthly as though they were invested pursuant to the Participant's direction under rules established by the Committee among the investment funds chosen by the Committee. The earnings rate for a partial month shall be prorated.

ARTICLE 6
BENEFIT

6.1 The Employer will pay the Benefit from the Participant's Account Balance at the time and in the manner specified by the Participant in the Agreement.

6.2 If the Participant has failed to specify the manner in which the Benefit shall be distributed, payment of the Benefit shall be in a lump sum as soon as is administratively feasible following Termination of Employment or Retirement.

6.3 The unpaid Account Balance will be adjusted monthly pursuant to Section 5.3.

6.4 The Employer shall withhold from payments made under this Plan any taxes required to be withheld from a Participant's wages for Federal, state, or local government.

ARTICLE 7
SURVIVOR BENEFITS

7.1 If the Participant dies prior to (i) the commencement of benefits (as contemplated under Article 6) or (ii) the payment in full of the amount in the Participant's Account Balance, the Account Balance as of the Participant's death shall be paid to the Beneficiary.

7.2 The Participant may request the mode of payment of the foregoing benefit in the Agreement, which the Committee, in its sole discretion, may authorize.

7.3 Benefits will be paid in the same manner as in Section 6.2, 6.3, and 6.4.

ARTICLE 8
TERMINATION OF EMPLOYMENT

8.1 Upon a Termination of Employment, the Participant will be entitled to a Benefit at the time and in the manner specified by the Participant in the election form. Account Balances will continue to be adjusted pursuant to Section 5.3.

ARTICLE 9
BENEFICIARY

9.1 All payments made by the Employer under the Plan shall be made to the Participant during the Participant's lifetime.

9.2 A Participant shall designate a Beneficiary to receive benefits under the Plan by completing the appropriate form as designated by the Committee.

9.3 A Participant shall have the right at any time to change the Beneficiary by submitting to the Committee a Change of Beneficiary Notice in the form prescribed by the Committee.

9.4 Each Change of Beneficiary Notice shall be in writing and shall be effective when received by the Employer. The Employer shall acknowledge in writing receipt of each Change of Beneficiary Notice.

9.5 Each Change of Beneficiary Notice shall automatically revoke and supersede any prior Beneficiary designation, if any.

9.6 Any payment made by the Employer in accordance with this Plan shall fully discharge the Employer from all further obligations with respect to the amount of such payment.

9.7 If no Beneficiary designation is in effect at the time of the Participant's death or if the named Beneficiary has predeceased the Participant, then the Beneficiary (ies) shall be: (1) the surviving spouse, (2) if there is no surviving spouse, then the Participant's issue per stirpes, or (3) if no such issue survive the Participant, then the Participant's estate.

ARTICLE 10
LEAVE OF ABSENCE

10.1 If a Participant is authorized by the Company for any reason to take a PAID Leave of Absence, the Deferral commitments shall remain in full force and effect.

10.2 If a Participant takes an UNPAID Leave of Absence from the employment of the Company, the Deferral commitments shall be suspended until the Leave of Absence ends and the Participant's paid status resumes.

ARTICLE 11
EMPLOYER LIABILITY

11.1 Benefits to a Participant shall be paid exclusively from the general assets of the Employer.

11.2 The right of the Participant to Benefits shall be no greater than that of an unsecured general creditor, except as otherwise provided by law.

11.3 The Employer shall have no obligation to a Participant under the Plan, except as provided in the Master Plan Document.

11.4 The Participant must cooperate with the Employer in furnishing all information requested by the Employer in order to facilitate the payment of Benefits.

ARTICLE 12
NO GUARANTEE OF CONTINUING EMPLOYMENT

12.1 Nothing herein shall constitute a contract of continuing employment between the Employer and the Participant.

ARTICLE 13
TERMINATION, AMENDMENT OR MODIFICATION OF PLAN

13.1 The Employer reserves the right to terminate this Plan. In the event of Employer-instigated Plan termination, the Participants will receive their Account Balances as of the date of termination. The mode of payment shall be determined by the Committee.

13.2 Termination of this Plan shall not terminate the rights of a Participant or a Beneficiary to continue to receive any Benefits under this Plan to which they have become entitled prior to its termination.

ARTICLE 14
RESTRICTION ON ALIENATION OF BENEFITS

14.1 No right or benefit under the Plan shall be subject to alienation, sale, transfer, pledge, assignment or encumbrance by a Participant, a Beneficiary or other person except as may be required by law.

ARTICLE 15
EARLY WITHDRAWAL

15.1 No withdrawal for hardship is contemplated by this Plan. However, the Committee, in its sole discretion, may consider and grant a request for hardship withdrawal upon terms which the Committee may deem fair and equitable. A hardship for these purposes shall mean a severe financial hardship to the Participant resulting from extraordinary circumstances beyond the control of the Participant.

15.2 A Participant may, upon 30 days' prior written notice to the Committee, elect to receive all or a portion of his or her Account Balance, in which case the Committee shall promptly after the 30-day period pay to the Participant 90% of the portion of the Account Balance that the Participant has elected to receive. The remaining 10% of the elected portion of the Account Balance shall be canceled and the Company shall have no further obligation with respect thereto. If the Participant elects an immediate pay-out pursuant to this Section 15.2, the Participant may not make further Deferrals in this Plan for a period of two-years thereafter. The Participant is not eligible to make further Deferrals in this Plan again if the Participant elects a withdrawal pursuant to this Section 15.2 more than once. Notwithstanding anything else in this Plan to the contrary, in the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, other act, whether similar or dissimilar, beyond the control of the Company (each a "Force Majeure Event"), which Force Majeure Event affects the Company or its subsidiaries or its affiliates, the Board of Directors of the Company, at its sole discretion, may (i) terminate this Section 15.2 or (ii) suspend, delay, defer or substitute (for such period of time as the Board may deem necessary) any payments due by operation of this Section 15.2.

ARTICLE 16
ADMINISTRATION OF THE PLAN

16.1 The general administration of this Plan, as well as construction and interpretation thereof, shall be vested in the Committee. The number of Committee members shall be established by, and the members shall be appointed from time to time

by, and shall serve at the pleasure of, the Board of Directors of the Employer; provided, however, that no member of the Committee shall be allowed to participate in decisions regarding his own eligibility or benefits under the Plan.

16.2 Subject to the Plan, the Committee shall from time to time establish rules, forms and procedures for the administration of the Plan. Except as otherwise expressly provided, the Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. The Committee's decisions shall be conclusive and binding upon all persons having or claiming to have any right or interest under the Plan.

16.3 The Committee may employ such consultants, advisors and managers as it deems necessary or useful in carrying out its duties.

16.4 No member of the Committee shall be liable for any act or omission on such Committee member's own part, excepting willful misconduct. The Employer shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of membership on the Committee, with the exception of expenses and liabilities arising out of willful misconduct.

16.5 To enable the Committee to perform its functions, the Employer shall supply full and timely information to the Committee on all matters relating to the compensation of all Participants, their retirement, death or other cause for termination of employment and such other pertinent facts as the Committee may require.

16.6 The Committee shall have the power, in its sole discretion, to change the manner and time of payments to be made to a Participant or Beneficiary from that set forth in the Participant's Agreement.

16.7 The Company reserves the right to amend this Plan as it deems appropriate for future deferral years.

16.8 Dispute Resolution Procedure:

(a) Notice of Denial of Claim. When a Participant's claim for benefits under this Plan has been denied, the Committee shall provide notice to the Participant in writing of the denial within 90 days after the submission of the claim. The notice shall be written in a manner calculated to be understood by the applicant and shall include:

- (i) the specific reason or reasons for denial;
- (ii) specific references to the pertinent Plan provisions on which the denial is based;

(iii) a description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) an explanation of the Plan's claim review procedures.

If special circumstances require an extension of time for processing the initial claim, a written notice of the extension and the reason therefore shall be furnished to the claimant before the end of the initial 90-day period. In no event shall this extension exceed 90 days.

(b) Appeal of Denied Claim. In the event a claim for benefits under the Plan is denied or if the applicant has had no response to such claim within 90 days of its submission (in which case the claim for benefits shall be deemed to have been denied), the applicant or his duly authorized representative, at the applicant's sole expense, may appeal the denial to his Employer within 60 days of the receipt of written notice of the denial or 60 days from the date such claim is deemed to be denied. In pursuing such appeal the applicant or his duly authorized representative:

- (i) may request in writing that his Employer review the denial;
- (ii) may review pertinent documents; and
- (iii) may submit issues and comments in writing.

The decision on review shall be made within 60 days of receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If such an extension of time is required, written notice of the extension shall be furnished to the claimant before the end of the original 60-day period. The decision on review shall be made in writing, shall be written in a manner calculated to be understood by the claimant, and shall include specific references to the provisions of this Plan on which the denial is based. If the decision on review is not furnished within the time specified above, the claim shall be denied on review

ARTICLE 17
MISCELLANEOUS

17.1 Any notice given under the Plan shall be in writing and shall be mailed or delivered to: American Airlines, Inc., Executive Compensation and Benefits, Mail Drop 5131 HDQ, P . O. Box 619616, DFW Airport, TX 75261-9616.

17.2 The Plan shall be binding upon the Employer and its respective successors or assigns and upon a Participant, Participant's Beneficiary, assigns, heirs, executors and administrators.

17.3 The Plan and Plan Agreement shall be governed by and construed under the Laws of the State of Texas.

17.4 Headings in the Master Plan Document are inserted for convenience of reference only. In the event of any conflict between such headings and the text, the text shall govern.

17.5 Masculine pronouns, however used, shall include feminine pronouns and when the context dictates, the singular shall include the plural.

ARTICLE 18
TRUST

18.1 To assist in the payment of Benefits following a Change in Control or Potential Change in Control (each as defined in the 1988 Long-Term Incentive Plan (or its successors) of AMR Corporation ("AMR") with respect to AMR, the Board of Directors of AMR or its General Counsel or its Corporate Secretary may establish a trust.

18.2 The trust which may be established pursuant to Section 18.1 will be: i) with a nationally recognized banking institution with experience in serving as a trustee for such matters, ii) pursuant to such documentation as recommended by outside counsel to AMR, and iii) funded so as to enable the trust to pay the Benefits contemplated under the Plan as may be determined by AMR's independent compensation consultant. In addition, AMR's Board of Directors, its General Counsel or its Corporate Secretary, may take those additional actions deemed reasonably necessary to accomplish the stated purpose of Section 18.1.

IN WITNESS WHEREOF the Employer has signed this Plan this ___ day of _____, 1997.

AMERICAN AIRLINES, INC.

By: _____
C.D. MarLett

Title: Corporate Secretary

AMERICAN AIRLINES, INC.

1998 EMPLOYEE PROFIT SHARING PLAN

Purpose

The purpose of the 1998 American Airlines Employee Profit Sharing Plan ("Plan") is to provide participating employees with a sense of commitment to, and direct financial interest in, the success of American Airlines, Inc. ("American").

Definitions

Capitalized terms not otherwise defined in the Plan will have the meanings set forth in the 1988 Long Term Incentive Plan, as amended.

"AMR" is defined as AMR Corporation.

"American" is defined as AMR Corporation less AMR subsidiaries other than American Airlines, Inc.

"Committee" is defined as the AMR Incentive Compensation Committee.

"Fund" is defined as the profit sharing fund, if any, accumulated in accordance with this plan.

"Qualified Earnings" is defined as base pay, overtime, holiday pay, skill premiums, longevity pay, sick pay, vacation pay, shift differential, market rate differential, overrides and license premiums and does not include such things as travel and incidental expenses, moving expenses, relocation allowance (COLA), payouts from any retirement plan, disability payments, Workers Compensation payments, imputed income from D-3 service charges or Company provided life insurance, nor does it include any special monetary awards or allowances such as IdeaAAs in Action payments, lump sum payments, or incentive compensation or profit sharing payments.

"Plan Earnings" is defined as the sum of American's pre-tax income, interest expense, aircraft rental expense, AMR Minority Interest Expense, and any accruals for American's Pilot Variable Compensation Plan, TWU Profit Sharing Plan, Employee Profit Sharing Plan, and Incentive Compensation Plan, less Calculated Amortization of Operating Leases and any accounting adjustments or extraordinary or unusual items which may be added or deducted at the discretion of the Committee and approved by the Board of Directors.

"Adjusted Investment" is defined as the sum of American's notes payable, current maturities of long term debt and capital leases, long term debt, capital leases, present value of operating leases, and stockholders' equity, and any extraordinary or unusual items which may be added or deducted at the discretion of the Committee and the Board of Directors.

"Present Value of Operating Leases" is defined as the present value of the lease payments required under American's aircraft operating leases over the remaining lease term, calculated using a discount rate of Prime plus one percent. Amounts for 3/31/98, 6/30/98, and 9/30/98 are computed by determining the difference between the Present Value of Operating Leases as of 12/31/98 and 12/31/97 and allocating that difference evenly over the four quarters of 1998.

"AMR Minority Interest Expense" is defined as outside stockholder's ownership in AMR subsidiaries other than American Airlines, Inc.

"Capitalized Value of Operating Leases" is defined as the initial present value of the lease payments required under American's aircraft operating leases over the initial stated lease term, calculated using a discount rate of Prime plus one percent.

"Calculated Amortization of Operating Leases" is defined as the amortization expense associated with the Capitalized Value of Operating Leases and is determined by the straight line method over the lease term.

"Prime" is defined as the base rate on Corporate Loans posted by at least 75% of the 30 largest U.S. banks which is published daily in the Wall Street Journal.

"Average Adjusted Investment" is defined as the sum of Adjusted Investment as of 12/31/97, 3/31/98, 6/30/98, and 9/30/98, divided by four.

"Return on Investment" or "ROI" is defined as Plan Earnings divided by Average Adjusted Investment, stated as a percentage.

"Affiliate" is defined as a subsidiary of AMR or any entity that is designated by the Board as a participating employer under the Plan, provided that AMR directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity.

Eligibility for Participation

In order to be eligible for a profit sharing award, the individual must:

- o Have worked during the plan year as a regular full-time or part-time employee at American in a participating workgroup (flight attendant, AAdvantage customer service representative, reservations, coordinator/planner, airport agent, support staff, management levels 04 and below).

- o Must have completed six consecutive months of service as a regular employee at American or an Affiliate during his/her tenure. If the six months service requirement is fulfilled during the plan year, eligible earnings from the time worked at American during those six months will be included in the award calculation.
- o Must be actively employed at American or an Affiliate at the time awards are paid. If at the time awards are paid under the Plan, an individual has retired from American or an Affiliate, has been laid off, is disabled or has died, the award which the individual otherwise would have received under the Plan but for such retirement, lay-off, disability or death may be paid to the individual or his/her estate in the event of death, at the discretion of the Committee.

Notwithstanding the foregoing, however, an employee will not be eligible to participate in the Plan if such employee is, at the same time, eligible to participate in:

- i) the 1998 American Airlines Incentive Compensation Plan for Officers and Key Employees,
- ii) the Pilot Profit Sharing (as implemented in 1997),
- iii) the TWU Profit Sharing Plan for members of the Transport Workers Union (as implemented in 1995 and revised in 1996),
- iv) any incentive compensation, profit sharing, commission or other bonus plan for employees of any division of American, or
- v) any incentive compensation, profit sharing, commission or other bonus plan sponsored by an Affiliate.

Profit Sharing awards will be determined on a proportionate basis for participation in more than one plan. Employees who transfer from/to Affiliates or any other plan described above, and satisfy aforementioned eligibility requirements, will receive awards from each plan on a proportionate basis.

The Profit Sharing Fund Accumulation

Performance will be measured by ROI and the Fund will accumulate based on that performance. The Fund is established at 1% of Qualified Earnings when ROI is equal to 6.4%. The fund will accumulate on a straight-line basis at the rate of 0.583% of qualified earnings for each additional point of ROI.

The profit sharing fund will not exceed an amount equal to 8% of Qualified Earnings at levels of ROI above 18.4%.

Award Distribution

For domestic employees, individual awards will be distributed based on an employee's Qualified Earnings for the Plan year multiplied by the appropriate percentage of Qualified Earnings based upon the ROI achieved for the Plan year. The percent of Qualified Earnings used for fund accumulation and award distribution will be the same.

A portion of the Fund will be allocated for international employees based on eligible international employees' Qualified Earnings as a percentage of eligible employees' total Qualified Earnings. This portion of the Fund will be set aside for distribution at the discretion of the appropriate Officer, subject only to the Committee's approval.

Administration

The Plan will be administered by a Committee comprised of officers of American appointed by the Chairman of AMR. The Committee will have authority to administer and interpret the Plan, establish administrative rules, determine eligibility and take any other action necessary for the proper and efficient operation of the Plan. The amount, if any, of the Fund shall be computed by the General Auditor of American based on a certification of ROI by American's independent auditors. A summary of awards under the Plan shall be provided to the Board of Directors at the first regular meeting following determination of the awards.

Method of Payment

The Committee shall determine the method of payment of awards. Awards shall be paid as soon as practicable after audited financial statements for the year 1998 are available. Individuals, except retirees, may elect to defer their awards into the 401(k) plan established by American.

General

Neither this Plan nor any action taken thereunder shall be construed as giving to any employee or participant the right to be retained in the employ of American or any Affiliate.

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits thereunder, other than the right to receive payment of such award as may have been expressly determined by the Committee.

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage, or any other act beyond the control of the Company, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects the Company or its Subsidiaries or its Affiliates, the Board of Directors of the Company, at its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Board may deem necessary), or substitute any payments due currently or in the future under the Plan, including, but not limited to, any payments that have accrued to the benefit of participants but have not yet been paid.

In consideration of the employee's privilege to participate in the Plan, the employee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American, to any unauthorized party and, (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American or after such employment is terminated, and (iii) not to solicit any current employees of American or any subsidiaries of AMR Corporation to join the employee at his or her new place of employment after his or her employment with American is terminated.

The Committee may amend, suspend, or terminate the Plan at any time.

AMERICAN AIRLINES, INC.

1998 INCENTIVE COMPENSATION PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 1998 American Airlines Incentive Compensation Plan ("Plan") for Officers and Key Employees is to provide greater incentive to officers and key employees of American Airlines, Inc. ("American"), to achieve the highest level of individual performance, and to meet or exceed specified goals which will contribute to the success of American.

Definitions

This Plan has been approved by the Committee under the terms and conditions of the 1988 Long Term Incentive Plan, as amended ("LTIP"). Capitalized terms not otherwise defined in the Plan will have the meanings set forth in the LTIP.

For purposes of the Plan, the following definitions will control:

"AMR" is defined as AMR Corporation.

"American" is defined as AMR Corporation less AMR subsidiaries other than American Airlines, Inc.

"Committee" is defined as the Compensation Committee of the AMR Board of Directors.

"Fund" is defined as the incentive compensation fund, if any, accumulated in accordance with this Plan.

"Qualified Earnings" is defined as base pay, overtime, holiday pay, skill premiums, longevity pay, sick pay, vacation pay, shift differential, market rate differential, overrides and license premiums and does not include such things as travel and incidental expenses, moving expenses, relocation allowance (COLA), payouts from any retirement plan, disability payments, Workers Compensation payments, imputed income from D-3 service charges or Company provided life insurance, nor does it include any special monetary awards or allowances such as IdeAAs in Action payments, lump sum payments, or incentive compensation or profit sharing payments.

"Target Award" is defined as the award (stated as a percentage of Qualified Earnings) for an eligible participant when Target CFROGA is achieved; subject, however, to adjustment by the Committee or senior management, as the case may be, based upon the participant's individual performance.

"Adjusted Earnings/(Loss)" is defined as the sum of American's net earnings/(loss), aircraft rental expense net of the Related Tax Impact, Net Interest Expense - net of the Related Tax Impact, and AMR Minority Interest Expense - net of Related Tax Impact, less: Calculated Amortization on Operating Leases - net of the Related Tax Impact .

"Net Interest Expense" is defined as interest expense less interest income.

"Calculated Amortization on Operating Leases" is defined as the amortization expense associated with Capitalized Value of Operating Leases and is determined by the straight line method of amortization over the lease term.

"Net Cash Flow" is defined as the sum of Adjusted Earnings/(Loss), depreciation and amortization expense, Calculated Amortization on Operating Leases, and any accounting adjustments or extraordinary or unusual items (net of the Related Tax Impact) or other non-cash items which may be added or deducted at the discretion of the AMR Incentive Compensation Committee and approved by the AMR Board of Directors.

"Adjusted Gross Assets" is defined as the sum of American's total assets, the Capitalized Value of Operating Leases, Accumulated Depreciation on Equipment and Property, and Accumulated Amortization on Equipment and Property under Capital Leases, less cash and short-term investments, less accident receivables, and other assets which may be added or deducted at the discretion of the AMR Incentive Compensation Committee and approved by the AMR Board of Directors.

"Accident Receivables" is defined as amounts recorded as receivables from insurance carriers related to significant accident losses, and for which an offsetting liability has been recorded.

"Capitalized Value of Operating Leases" is defined as the initial present value of the lease payments required under American's aircraft operating leases over the initial stated lease term, calculated using a discount rate of Prime plus one percent.

"AMR Minority Interest Expense" is defined as outside stockholder's ownership in AMR subsidiaries other than American Airlines, Inc.

"Prime" is defined as the base rate on Corporate Loans posted by at least 75% of the 30 largest U.S. banks which is published daily in the Wall Street Journal.

"Related Tax Impact" of an adjustment made in determining Adjusted Net Earnings/(Loss) or Net Cash Flow is defined as the amount of that adjustment multiplied by American's estimated marginal tax rate for the relevant year, as determined by American's Tax Department.

"Average Adjusted Gross Assets" is defined as the sum of Adjusted Gross Assets as of 12/31/97, 3/31/98, 6/30/98, and 9/30/98, divided by four.

"Cash Flow Return on Gross Assets" or "CFROGA" is defined as Net Cash Flow divided by Average Adjusted Gross Assets, stated as a percentage.

"Comparison Airlines" shall consist of UAL Corp., Delta Air Lines, Inc., Southwest Airlines, Inc., and USAir Group.

"Affiliate" is defined as a subsidiary of AMR or any entity that is designated by the Board as a participating employer under the Plan, provided that AMR directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity.

"Threshold CFROGA" is defined as 6.7%.

Eligibility for Participation

In order to be eligible to participate in the Plan, an individual must be an officer or key employee (as designated by American's Chairman and CEO) of American. Additionally, the individual must have been employed by American or an Affiliate as an officer or key employee for at least three consecutive months during the Plan year. The three months service requirement may be waived in cases of mandatory retirement prior to completing three months of service.

During a Plan year, individuals with less than twelve months eligibility in the Plan may be eligible to participate in the Plan on a pro rata basis, at the discretion of the Committee. In addition, the Committee, in its discretion, may permit participation by officers and key employees of Affiliates who have been so employed by the Affiliate for at least three consecutive months during the Plan year.

Notwithstanding the forgoing, however, an officer or key employee will not be eligible to participate in the Plan if such officer or key employee is, at the same time, eligible to participate in a commission, incentive, profit sharing or other bonus compensation program sponsored by American or an Affiliate, unless the Committee otherwise decides.

In order to receive an award under the Plan, an individual must satisfy the aforementioned eligibility requirements and must be an employee of American or an Affiliate at the time an award under the Plan is paid. If at the time awards are paid under the Plan, an individual has retired from American or an Affiliate, is disabled, or has died, the award which the individual otherwise would have received under the Plan but for such retirement, disability, or death may be paid to the individual, or his/her estate in the event of death, at the discretion of the Committee.

The Incentive Compensation Fund

- a) As CFROGA exceeds the Threshold CFROGA, the Fund will begin to accumulate.
- b) Target CFROGA will vary from 7.4% - 7.8% depending upon CFROGA rank among the Comparison Airlines. At target CFROGA, the Fund will accumulate to a size that will allow Target Awards for all eligible participants.
- c) Maximum Payout CFROGA will vary from 9.0% to 10.2% depending on CFROGA rank among the comparison airlines. At Maximum Payout CFROGA, the Fund will accumulate to a size that will allow 210% of Target Awards for all eligible participants.
- d) Once Threshold CFROGA has been attained, the Fund will accumulate on a linear basis such that at Target CFROGA, the Fund size equals 100% of Target Awards. Following the attainment of Target CFROGA, the Fund will accumulate on a linear basis such that maximum awards are funded at Maximum Payout CFROGA.

American's Competitive Rank	Threshold	--CFROGA-- ----- Target	Max Payout	Comparison Airlines
1	6.7%	7.4%	9.0%	Delta
2	6.7%	7.5%	9.3%	UAL
3	6.7%	7.6%	9.6%	USAir
4	6.7%	7.7%	9.9%	Southwest
5	6.7%	7.8%	10.2%	

Allocation of Individual Awards

Individual awards for officers of American under the Plan will be determined by the Committee based upon each participant's performance. Individual awards for key employees of American will be determined by the senior management of American based upon each participant's performance. Unless the Committee or senior management, as the case may be, decides otherwise, an award made under the Plan, in combination with any other award made under an incentive, commission, profit sharing or other bonus compensation program sponsored by American or an Affiliate may not, in the aggregate, exceed 100% of the participant's base salary. At the discretion of the Committee, the Fund may not be fully distributed. In addition, the aggregate of all awards paid hereunder will not exceed the lesser of 2.1 times the target fund or 50% of total base salaries of all participants.

Administration

The Committee shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper operation of the Plan. In computing the Cash Flow Return on Gross Assets of the Comparison Airlines, the Committee may include or exclude special or non-recurring items. Notwithstanding anything to the contrary contained herein, no awards will be made under the Plan unless awards are also made under the 1998 American Airlines Employee Profit Sharing Plan, the 1998 Pilot Variable Compensation Plan for members of the Allied Pilots Association, and the 1998 TWU Profit Sharing Plan for members of the Transport Workers Union. The amount, if any, of the Fund shall be computed by the General Auditor of American based on a certification of CFROGA by American's independent auditors. A summary of awards under the Plan shall be provided to the Board of Directors at the first regular meeting following determination of the awards.

Method of Payment

The Committee will determine the method of payment of awards. Awards shall be paid as soon as practicable after audited financial statements for the year 1998 are available. Individuals, except retirees, may elect to defer their awards into a 401(k) plan established by American or AMR or into a deferred compensation program, if any, administered by American or AMR.

General

Neither this Plan nor any action taken hereunder shall be construed as giving any employee or participant the right to be retained in the employ of American or an Affiliate.

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to receive payment of such incentive compensation as may have been expressly awarded by the Committee.

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage, or any other act beyond the control of the Company, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects the Company or its Subsidiaries or its Affiliates, the Board of Directors of the Company, at its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Board may deem necessary), or substitute any payments due currently or in the future under the Plan, including, but not limited to, any payments that have accrued to the benefit of participants but have not yet been paid.

In consideration of the employee's privilege to participate in the Plan, the employee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American, to any unauthorized party and, (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American or after such employment is terminated, and (iii) not to solicit any current employees of American or any subsidiaries of AMR Corporation to join the employee at his or her new place of employment after his or her employment with American is terminated.

The Board of Directors may amend, suspend, or terminate the Plan at any time.

AIRCRAFT GENERAL TERMS AGREEMENT

AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

AGTA-AAL

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AIRCRAFT GENERAL TERMS AGREEMENT

Relating to

BOEING AIRCRAFT

This Aircraft General Terms Agreement Number (hereinafter, together with its exhibits, appendices and letter agreements referred to as the AGTA) dated as of October ____, 1997, between The Boeing Company (hereinafter, together with its successors and permitted assigns referred to as Boeing) and American Airlines, Inc. (hereinafter, together with its successors and permitted assigns referred to as Customer) will apply to all Boeing Aircraft and related goods and services contracted for purchase between Boeing and Customer pursuant to any purchase agreement which expressly incorporates the terms and conditions of the AGTA. Capitalized terms used herein but not otherwise defined in this AGTA shall have the meanings assigned thereto in Exhibit C to the applicable purchase agreement referenced in the preceding sentence.

Article 1. Subject Matter of Sale.

1.1 Aircraft and Related Goods and Services. Boeing will manufacture and sell to Customer and Customer will purchase from Boeing, under the applicable Purchase Agreement, Aircraft and other things. The "other things" referred to in the preceding sentence shall mean data, documents, software, training, tools, parts, systems, accessories, equipment, services, and things which are not installed in and therefore are not part of the Aircraft.

1.2 Buyer Furnished Equipment. The Buyer Furnished Equipment Provisions Document attached as Exhibit A hereto contains the obligations of Customer and Boeing with respect to equipment, parts, accessories, and other things purchased and provided by Customer, which Boeing will receive, inspect, store and install in an Aircraft before delivery to Customer. This equipment is defined as Buyer Furnished Equipment (BFE).

1.3 Customer Support. The Customer Support Document attached as Exhibit B hereto contains the obligations of Boeing relating to data, documents, software, training, services and other things required for operation, maintenance, and engineering in support of the Aircraft and Customer.

1.4 Product Assurance. The Product Assurance Document attached as Exhibit C hereto contains the obligations of Boeing and the suppliers of equipment installed in each Aircraft at delivery or provided thereafter pursuant to the Product Assurance Document relating to warranties, patent indemnities, software copyright indemnities, Boeing interface commitments, service life policies, and other things.

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AGTA-AAL

Article 2. Price, Taxes and Payment.

2.1 Price.

2.1.1 Airframe Price. Airframe Price is defined as the price of the airframe for a specific model of Aircraft described in a Purchase Agreement. (For Model 737-600, 737-700 and 737-800 aircraft, the Airframe Price includes Engine Price.)

2.1.2 Optional Features Prices. Optional Features Prices are defined as the prices for Optional Features selected in writing by Customer for a specific model of Aircraft and described in a Purchase Agreement.

2.1.3 Engine Price. Engine Price is defined as the price set by the Engine Supplier for a specific Engine to be installed on the model of Aircraft described in a Purchase Agreement (not applicable to Models 737-600, 737-700 and 737-800 aircraft).

2.1.4 Aircraft Basic Price. Aircraft Basic Price is defined as the sum of the Airframe Price, the Engine Price (for Models 737-600, 737-700 and 737-800 aircraft, the Engine Price is included in the Airframe Price) and the Optional Features Prices.

2.1.5 Escalation Adjustment. Escalation Adjustment is defined as the aggregate price adjustment to the Airframe Price (for Models 737-600, 737-700 and 737-800 aircraft, the Engine Price is included in the Airframe Price), Optional Features Prices, and Engine Price (for other than 737 models). The price adjustment to the Airframe Price and Optional Features Prices will be calculated using the economic price formula contained in the Escalation Adjustment to Airframe Price and Optional Features Price Document attached as Exhibit D hereto (Airframe Escalation Adjustment Document). The price adjustment to the Engine Price (not applicable to Model 737-600, 737-700 and 737-800 aircraft) will be calculated using the economic price formula contained in Supplemental Exhibit EE1 to the applicable Purchase Agreement.

2.1.6 Advance Payment Base Price. Advance Payment Base Price is the amount set forth in Table 1 to the applicable Purchase Agreement and is intended to be an estimate of the Aircraft Price to be used solely for calculation of the amount of the Advance Payment in respect of an Aircraft. The Advance Payment Base Price is determined using commercial forecasts for the indices used in the calculation of the Escalation Adjustment. Such amount may be adjusted from time to time in accordance with provisions of the applicable Purchase Agreement.

2.1.7 Aircraft Price. Aircraft Price is defined as the total amount Customer is to pay for an Aircraft which is the sum of the Aircraft Basic Price, the Escalation Adjustment and other price adjustments made pursuant to the applicable Purchase Agreement.

2.2 Taxes. Taxes are defined as all taxes, fees, charges or duties and any interest, penalties, fines or other additions to tax (other than any such interest, penalties, fines or additions resulting from the failure of Boeing to pay any such tax, unless such nonpayment is directed in writing by Customer), including, but not limited to sales, use, value added, gross receipts, stamp, excise, transfer and similar taxes, imposed on Boeing by any domestic or foreign taxing authority arising out of or in connection with the sale, delivery, transfer or storage for the benefit of Customer of any aircraft, BFE, or goods and services furnished under the applicable Purchase Agreement. Except for U.S. federal income taxes and Washington State business and occupation taxes imposed on Boeing, Customer will be responsible for filing all tax returns, reports and declarations and for paying all Taxes.

If claim is made against Boeing for any such tax, Boeing will promptly notify Customer. If seasonably requested by Customer in writing, Boeing will, at Customer's expense, take such action as Customer may reasonably direct with respect to such claim, and any payment by Boeing of such tax shall be made under protest, if protest is necessary and proper. If payment is made, Boeing will, at Customer's expense, take such action as Customer may reasonably direct to recover such payment and shall, if requested, permit Customer in Boeing's name to file a claim or prosecute an action to recover such payment.

2.3 Payment.

2.3.1 Advance Payment Schedule. Customer will make Advance Payments to Boeing for each Aircraft in the amounts and on the dates indicated in the Advance Payment schedule set forth in the applicable Purchase Agreement.

2.3.2 Payment at Delivery. The amounts of the Advance Payments including any Deposits paid prior to delivery by Customer for an Aircraft will be applied to the Aircraft Price at delivery of each such Aircraft. Any unpaid balance of the Aircraft Price is due at the time of delivery of each Aircraft.

2.3.3 Form of Payment. Customer will make all payments to Boeing under the applicable Purchase Agreement by unconditional deposit of United States Dollars in a bank account in the United States mutually acceptable to Customer and Boeing.

2.3.4 Monetary and Government Regulations. Customer is responsible for complying with all monetary control regulations applicable to Customer, and for obtaining necessary governmental authorizations related to payments obligations under this Article 2.

Article 3. Regulatory Requirements and Certificates.

3.1 Certificates. Boeing will manufacture each Aircraft to conform to the appropriate Type Certificate for the specific model of Aircraft and will obtain from the

FAA and furnish to Customer at delivery of each Aircraft a Standard Airworthiness Certificate. Boeing will provide to Customer the Standard Airworthiness Certificate at Boeing's expense except as provided in Sections 3.2 and 3.3 herein.

Boeing shall obtain any additional certificates required to be obtained by the manufacturer of commercial aircraft to permit operation of the Aircraft under those requirements of the FAA regulations generally applicable to aircraft manufacturers.

If the use of any of the certificates identified in this Article 3 (Certificates) is discontinued during the performance of this AGTA, thereafter reference to such discontinued Certificates will be deemed a reference to any other certificate or instrument issued by the FAA which corresponds to such Certificate or, if there should not be any such other certificate or instrument, then Boeing will be deemed to have obtained such discontinued Certificate upon demonstrating that each Aircraft complies substantially with the FAA requirements for such discontinued Certificate.

3.2 FAA Manufacturer Changes.

3.2.1 Definition of Manufacturer Change. A

Manufacturer Change is defined as any change or modification to or testing of an Aircraft required by any United States Governmental Authority including the FAA pursuant to any United States law or Governmental Regulation or requirement or interpretation thereof by any United States Governmental Authority in order to obtain the Standard Airworthiness Certificate or to obtain the Type Certificate.

3.2.2 Incorporation of Manufacturer Change. Any

Manufacturer Change will be incorporated in each Aircraft prior to delivery. All such Manufacturer Changes shall be at no charge to Customer unless (i) the requirement is enacted after the date of the applicable Purchase Agreement, and (ii) the affected Aircraft is scheduled for delivery to Customer more than eighteen (18) months after the date of such Purchase Agreement or after the issuance of the Type Certificate for the model of aircraft, whichever is later, in which event Customer will pay Boeing's reasonable price for such change incorporated in an Aircraft.

3.3 FAA Operator Changes.

3.3.1 Definition of Operator Changes. Operator Changes

are defined as changes that are required by Federal Aviation Regulations which (i) are generally applicable to transport category aircraft to be used in United States certified air carriage and (ii) require compliance on or before the date of delivery of the Aircraft. Boeing will deliver each Aircraft with, at Boeing's option, the Operator Changes incorporated or with suitable provisions for the incorporation of Operator Changes as set forth in the applicable Detail Specification. Boeing agrees to use all commercially reasonable efforts to deliver the Aircraft with the Operator Changes incorporated.

3.3.2 Cost of Operator Changes. Customer will pay Boeing's reasonable price for any Operator Changes incorporated in an Aircraft.

3.3.3 No Waiver. Nothing contained in this Article 3 shall be construed so as to impair any obligation of Boeing under any warranty and other provisions contained in the Product Assurance Document.

Article 4. Detail Specification; Changes.

4.1 Configuration Changes. The Detail Specification is defined as the Boeing document, as amended from time to time, that describes the configuration of each Aircraft purchased by Customer and which is referenced in Table 1 of each Purchase Agreement. The Aircraft will be manufactured by Boeing in accordance with the applicable Detail Specification. The Detail Specification for each Aircraft may be amended (i) by Boeing to reflect the incorporation of Manufacturer Changes and Operator Changes or (ii) by the mutual written agreement of the parties. Prior to making any amendment to the Detail Specification in accordance with this Section 4.1, Boeing will furnish the Customer with a written notice describing the particular changes to be made and any effect on design, performance, weight, balance, interchangeability, replaceability, time of delivery, Aircraft Basic Price, Aircraft Price and Advance Payment Base Price. Boeing will also notify Customer, to the extent Boeing is aware, of effects of changes in operations and maintainability of the Aircraft.

4.2 Development Changes. Development Changes are defined as changes to Aircraft that do not affect the Aircraft Price or delivery, and do not adversely affect guaranteed weight, guaranteed performance or compliance with the interchangeability or replaceability requirements set forth in the applicable Detail Specification. Boeing may, at its option, incorporate Development Changes into the Detail Specification and into an Aircraft prior to delivery to Customer. Development Changes are changes deemed necessary to correct defects, improve the Aircraft, prevent delay, or insure compliance with the applicable Purchase Agreement.

4.3 Change Notices. Boeing will promptly notify Customer of any amendments to the Detail Specification. Such notice will set forth a written explanation of Boeing's reasons for making such amendment and furnish revised pages for the Detail Specification.

Article 5. Representatives, Inspection, Flight Tests, Test Data and Performance Guarantee Compliance.

5.1 Office Space. Twelve (12) months before delivery of the first Aircraft purchased, and continuing until the delivery of the last Aircraft on firm order, Boeing will furnish, free of charge, suitable office space and reproduction and communications equipment (including computer communication access) for the accommodation of up to

five (5) representatives of Customer in or conveniently located near the applicable assembly plant and/or delivery center as applicable.

5.2 Inspection. Boeing's manufacture of the Aircraft, and all components obtained by Boeing therefor, shall at all reasonable times be open to inspection by any duly authorized representatives of Customer; provided, however, if access to any part of Boeing's plant where manufacture is in progress or components are stored is restricted by the United States Government, Boeing will be allowed a reasonable time to make the items available for inspection elsewhere than in the restricted area. All inspections by Customer's representatives shall be performed in such manner as not to unduly delay or hinder manufacture or performance by Boeing. The representations, warranties, indemnities and agreements of Boeing made in this AGTA or the applicable Purchase Agreement shall not be affected or deemed waived by reason of any investigation made by Customer pursuant to this Section 5.2. Customer shall not have any duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection.

5.3 Demonstration Flights. Prior to delivery, Boeing will fly each Aircraft (not less than one and one-half (1-1/2) hours nor more than the number of hours reasonably necessary to effect corrections to any defect in the functioning of the Aircraft and its equipment) to reasonably demonstrate to Customer the functioning of the Aircraft and its equipment following Boeing's production flight test procedures (to the extent provided to and reasonably approved by Customer prior to such flight test). During such demonstration flight, a pilot of Customer may conduct routine flight maneuvers and tests as may be reasonably required to demonstrate to Customer the functioning of the Aircraft and its equipment, subject to the supervision and operational control of Boeing flight test personnel. Customer may designate up to five (5) representatives (or more if consented to by Boeing) to participate as observers on such flight. Boeing will give Customer reasonable prior notice of the demonstration flight.

5.4 Test Data; Performance Guarantee Compliance. Performance Guarantees are defined as the written guarantees in the applicable Purchase Agreement regarding the operational performance of an Aircraft. Boeing represents to Customer that at the time of delivery to Customer, each Aircraft shall conform to and comply with all Performance Guarantees. An Aircraft will be deemed to conform to and comply with the Performance Guarantees if reasonable engineering interpretations and calculations based on the flight test data establish that such Aircraft would, if actually flown, comply with the Performance Guarantees. Boeing will furnish to Customer, as soon as practicable, but not later than the date of delivery of the first Aircraft, flight test data obtained on an aircraft of the same model type to evidence compliance with such Performance Guarantees. Boeing will make best reasonable efforts to supply the guarantee compliance document to Customer at least ten (10) days prior to delivery of the first Aircraft of each model type.

5.5 Special Aircraft Test Requirements.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Article 6. Delivery.

6.1 Notice of Delivery Dates. Boeing will notify Customer of the delivery date of each Aircraft at least thirty (30) days before the scheduled delivery date. Each Aircraft shall be delivered to Customer assembled and completed, per the Detail Specification, and ready for flight and in good operating condition.

6.2 Place of Delivery. Each Aircraft will be delivered at a facility selected by Boeing in the State of Washington, unless otherwise mutually agreed in writing. Consent to such agreement shall not be unreasonably withheld.

6.3 Bill of Sale; Records. At delivery of an Aircraft, Boeing will provide Customer a warranty bill of sale, substantially in the form of Appendix VI attached, duly conveying to Customer good title to such Aircraft, free and clear of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title and other records relating to such Aircraft as Customer may reasonably request. Title to and risk of loss of each Aircraft shall pass from Boeing to Customer upon delivery of such Aircraft but not prior thereto.

6.4 Delay. If Customer delays acceptance of an Aircraft by more than ten (10) days beyond the scheduled delivery date, Customer will reimburse Boeing for all reasonable costs incurred by Boeing as a result of such delay. Boeing will use reasonable efforts to mitigate costs and expenses incurred by Boeing as a result of any delay in delivery of an Aircraft due to Customer's responsibility.

Article 7. Excusable Delay.

7.1 General. Boeing will not be liable for any delay in delivery of an Aircraft or other performance under the applicable Purchase Agreement only to the extent caused by (i) acts of God; (ii) war or armed hostilities; (iii) government acts or priorities affecting materials, facilities, or completed aircraft; (iv) fires, floods, or earthquakes; (v) strikes or labor troubles causing cessation, slowdown, or interruption of work; or (vi) any other cause to the extent such cause is beyond Boeing's control and not occasioned by Boeing's fault or negligence. A delay resulting from any such cause is defined as an Excusable Delay.

7.2 Notice. Boeing will notify Customer in writing, as soon as possible, of the revised delivery month as soon as Boeing concludes that an Aircraft will be delayed beyond the Scheduled Delivery Month due to an event or events of Excusable Delay.

Boeing will use reasonable efforts to mitigate any Excusable Delay and resume performance.

7.3 Delay in Delivery of Twelve Months or Less. If the revised delivery month is twelve (12) months or less after the Scheduled Delivery Month, Customer will accept such Aircraft when tendered for delivery, subject to the following:

7.3.1 The calculation of the Escalation Adjustment will be based on the originally Scheduled Delivery Month.

7.3.2 The Advance Payment schedule will be adjusted to reflect the revised delivery month.

7.3.3 All other provisions of the applicable Purchase Agreement, including the BFE on-dock dates (unless Boeing and Customer otherwise agreed to different dates) for the delayed Aircraft, are unaffected by an Excusable Delay.

7.4 Delay in Delivery of More Than Twelve Months. If the revised delivery month in such notice is more than twelve (12) months after the Scheduled Delivery Month, either party may terminate the applicable Purchase Agreement with respect to such Aircraft within thirty (30) days of receipt of such notice. If Customer does not terminate the applicable Purchase Agreement with respect to such Aircraft, all terms of the applicable Purchase Agreement will remain in effect.

7.5 Aircraft Damaged Beyond Repair. If an Aircraft is destroyed or damaged beyond repair for any reason before delivery, Boeing will notify Customer in writing as soon as possible but no later than thirty (30) days after such event, and such notice will specify the earliest month possible, consistent with Boeing's other contractual commitments and production capabilities, in which Boeing can deliver a replacement. Customer will have thirty (30) days from receipt of such notice to elect to have Boeing manufacture a replacement aircraft under the same terms and conditions of purchase, except that the calculation of the Escalation Adjustment will be based upon the Scheduled Delivery Month, or, failing such election, the applicable Purchase Agreement will terminate with respect to such Aircraft. Boeing will not be obligated to manufacture a replacement aircraft if it requires the reactivation of the production line for the specific model of aircraft so damaged.

7.6 Termination. Termination under this Article 7 will discharge all obligations and liabilities of Boeing and Customer with respect to any Aircraft and all related undelivered items and services terminated under the applicable Purchase Agreement, except that Boeing will return to Customer, without interest, an amount equal to all Advance Payments paid by Customer for the terminated Aircraft. If Customer terminates the applicable Purchase Agreement as to any Aircraft, Boeing may elect, by written notice to Customer within thirty (30) days, to purchase from Customer any BFE

related to the terminated Aircraft, at the invoice prices paid, or contracted to be paid, by Customer.

7.7 Exclusive Rights. The termination rights in this Article 7 are in substitution for all other rights of termination or any claim arising by operation of law by virtue of delays in performance covered by this Article 7.

Article 8. Risk Allocation/Insurance.

8.1 Title and Risk with Boeing.

8.1.1 Boeing's Indemnification of Customer. Until transfer of title to an Aircraft to Customer, Boeing will indemnify and hold Customer and Customer's observers harmless from and against all claims and liabilities, including all expenses and attorneys' fees incident thereto or incident to establishing the right to indemnification, for injury to or death of any person(s), including employees of Boeing but not employees of Customer, or for loss of or damage to any property, including an Aircraft, arising out of or in any way related to the operation of an Aircraft during all demonstration and test flights conducted under the provisions of the applicable Purchase Agreement, whether or not arising in tort or occasioned by the negligence of Customer or any of Customer's observers.

8.1.2 Definition of Customer. For the purpose of this Section 8.1, "Customer" is defined as American Airlines, Inc., its divisions, subsidiaries, Affiliates, the assignees of each and their respective directors, officers, employees and agents.

8.2 Title and Risk with Customer.

8.2.1 Insurance Requirements. Customer will purchase insurance and provide a certificate of such insurance that names Boeing as an additional insured only on the liability policy (for hull, only waiver of subrogation required) and otherwise complies with all requirements of the attached Appendix I. Customer will provide such certificate of insurance at least thirty (30) days before the scheduled delivery of the first Aircraft under the applicable Purchase Agreement. The insurance certificate will reference each Aircraft delivered to Customer pursuant to the applicable Purchase Agreement. Annual renewal certificates will be submitted to Boeing before the expiration of the policy periods. The form of the insurance certificate, attached as Appendix I, states the terms, limits, provisions and coverages required by this Section 8.2.1.

8.2.2 Customer's Indemnification of Boeing. If Customer fails to comply with any of the insurance requirements of Section 8.2.1 or any of the insurers fails to pay a claim covered by the insurance or otherwise fails to meet any of its obligations required by Section 8.2.1, Customer will indemnify and hold Boeing harmless from and against all claims and liabilities, including all expenses and attorneys' fees incident thereto or incident to successfully establishing the right to indemnification, for injury or death of

any person, including employees of Customer but not employees of Boeing, or for loss or damage to any property, including an Aircraft, arising out of or in any way relating to training, services or other things provided under the Customer Support Document and the applicable Purchase Agreement, whether or not arising in tort or occasioned by the negligence of Boeing. This indemnity will not apply to legal liability to persons or parties (other than Customer or Customer's assignees) arising out of an accident caused solely by a product defect in an aircraft.

Any claim received by or suit instituted against Boeing for which indemnification by Customer is sought under the provisions of this Section 8.2.2 shall be reported to Customer promptly in writing. Upon Customer's receipt of Boeing's tender of the claim or suit to Customer hereunder, Customer shall have the option at any time to conduct negotiations with respect to settlement of the claim or suit, to intervene in any suit, and to assume, conduct or control the defense thereof.

8.2.3 Definition of Boeing. For purposes of this Section 8.2, "Boeing" is defined as The Boeing Company, its divisions, subsidiaries, assignees of each and their respective directors, officers, employees and agents.

Article 9. Assignment, Resale or Lease.

9.1 Assignment. The Purchase Agreement is for the benefit of and binding upon each of the parties and their respective successors and assigns. No rights or duties of either party may be assigned or delegated, or contracted to be assigned or delegated, without the prior written consent of the other party, except as permitted by Sections 9.1.1 through 9.1.5 and by Sections 9.2 and 9.3 of this AGTA:

9.1.1 Either party may assign its interest to a corporation that (i) results from any merger, consolidation or reorganization of such party, (ii) acquires substantially all the assets of such party or (iii) into which such party may be merged or with which it may be consolidated;

9.1.2 Boeing may assign its rights to receive money;

and

9.1.3 Boeing may assign any of its rights and duties under the Purchase Agreement to any wholly-owned subsidiary of Boeing, provided that (i) such assignment shall be effective in accordance with its terms as to each such Aircraft, spare part or other thing to be delivered hereunder, (ii) if Boeing assigns its rights and obligations under the Purchase Agreement or assigns title to any Aircraft, spare part or other thing to be delivered thereunder to such subsidiary, such subsidiary shall perform such obligations and sell and deliver such Aircraft, spare part or other thing to Customer pursuant and subject to all the terms and conditions of the Purchase Agreement, (iii) Boeing will remain fully and solely liable to Customer to perform all such obligations under the applicable Purchase Agreement as if the assignment had not been effected and will remain fully and solely responsible to Customer in accordance with the terms of the applicable Purchase

Agreement for all obligations and liabilities of the seller with respect to the Aircraft, spare part or other things to be delivered thereunder, and Customer will continue to deal exclusively with Boeing under the Purchase Agreement.

9.1.4 Customer may assign any of its rights and duties under the Purchase Agreement to any wholly-owned subsidiary of AMR Corporation, provided that (i) such assignment shall be effective in accordance with its terms as to each such Aircraft, spare part or other thing to be delivered thereunder, (ii) if Customer assigns its rights and obligations under the Purchase Agreement with respect to any Aircraft, spare part or other thing to be delivered thereunder to such subsidiary, such subsidiary shall perform such obligations and purchase and accept such Aircraft, spare part or other thing from Boeing pursuant and subject to all the terms and conditions of the Purchase Agreement including, without limitation, the disclaimer and release and exclusion of liabilities provisions in the Product Assurance Document and the insurance and indemnity provisions in Section 8.2 of this AGTA, and (iii) Customer will remain fully and solely liable to Boeing to perform all such obligations under the Purchase Agreement as if such assignment had not been effected and will remain fully and solely responsible to Boeing in accordance with the terms of the Purchase Agreement for all obligations and liabilities of the Customer with respect to the Aircraft, spare part or other thing to be delivered thereunder, and Boeing will continue to deal exclusively with Customer under the Purchase Agreement.

9.1.5 Boeing may assign any of its rights and duties with respect to Articles 1, 2, 4, and 5 of Part 1 of the Customer Support Document, to FlightSafety Boeing Training International, L.L.C.; provided, however, Boeing will remain fully responsible to Customer for all obligations that Boeing assigns to FlightSafety Boeing Training International, L.L.C.

9.1.6 No action taken under this Section 9.1 by either party or by an assignee of either party to whom rights under the applicable Purchase Agreement inure pursuant to this Section 9.1 shall subject the other party to any liability to which it would not otherwise be subject under the Purchase Agreement, or modify in any way the other party's contract rights under the Purchase Agreement.

9.2 Assignment in Connection with Aircraft Financing.

Prior to delivery of an Aircraft, Customer will not resell, lease, or transfer such Aircraft, or contract to do so, without Boeing's written consent, which consent will not be unreasonably withheld. Boeing will take any requested action (including, but not limited to, the execution and delivery of a consent and agreement substantially in the form of Appendix II or III, as applicable, or otherwise in form and substance reasonably satisfactory to Boeing and Customer) reasonably required for the purpose of causing an Aircraft, at or following delivery, to be subject to an equipment trust, conditional sale, lien or other arrangement for the financing by Customer of the Aircraft. However, no such action will require Boeing to divest itself of title to or possession of the Aircraft until delivery of and payment for the Aircraft.

9.3 Assignment in Connection with Sale or Lease of Aircraft.

If, following delivery of an Aircraft, Customer sells or leases such Aircraft, Customer may assign all or any of its rights under the Purchase Agreement to the purchaser or lessee of such Aircraft if the purchaser or lessee of such Aircraft enters into an agreement substantially in the form of Appendix IV or otherwise in form and substance reasonably satisfactory to Boeing and Customer, such agreement to contain provisions whereby the purchaser or lessee agrees to be bound by and comply with all applicable terms of the Purchase Agreement.

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9.4 Notice of Sale or Lease After Delivery.

As soon as practicable following the sale or lease of an Aircraft, Customer will use reasonable efforts to notify Boeing of the name and address of the owner or lessee of such Aircraft.

9.5 Appointment of Agent - Warranty Claims.

If, following delivery of an Aircraft, Customer appoints an agent to act directly with Boeing with respect to the administration of claims relating to the warranties under the Purchase Agreement, Boeing will deal with the agent for that purpose, effective upon Boeing's receipt of the agent's agreement (in form and substance reasonably satisfactory to Boeing and Customer) to be bound by and to comply with all applicable terms and conditions of the Purchase Agreement.

9.6 No Increase in Liability.

No assignment of Customer's rights under the Purchase Agreement will subject Boeing to any liability to which it would not otherwise be subject under the Purchase Agreement or modify in any respect the contract rights of Boeing under the Purchase Agreement except as otherwise agreed to in writing by Boeing.

9.7 Exculpatory Clause in Post-Delivery Sale or Lease.

If, following the delivery of an Aircraft, Customer sells or leases such Aircraft and obtains from the transferee any form of exculpatory clause protecting Customer from liability for loss of or damage to the Aircraft, and/or related incidental or consequential damages, including without limitation loss of use, revenue or profit, Customer will obtain for Boeing the purchaser's or lessee's written agreement to be bound by terms and conditions substantially as set forth in Appendix IV. This Section 9.7 applies only if such purchaser or lessee has not provided to Boeing the written agreement described in Section 9.3 above.

Article 10. Termination for Certain Events.

10.1 Termination.

If either party:

10.1.1 ceases doing business as a going concern, suspends all or substantially all its business operations, makes an assignment for the benefit of creditors, or generally does not pay its debts, or admits in writing its inability to pay its debts as they become due, or

10.1.2 petitions for or acquiesces in the appointment of any receiver, trustee or similar officer to liquidate or conserve its business or any substantial part of its assets; commences any legal proceeding such as bankruptcy, reorganization, readjustment of debt, dissolution or liquidation available for the relief of financially distressed debtors; or becomes the object of any such proceeding or action of the type described in this clause and, such proceeding or action remains undismissed or unstayed for a period of at least sixty (60) days,

the other party may terminate the Purchase Agreement with respect to any undelivered Aircraft and related goods and any unperformed services by giving written notice of termination.

10.2 Repayment of Advance Payments.

If Customer terminates the applicable Purchase Agreement under this Article 10, Boeing will repay to Customer, without interest, an amount equal to any Advance Payments received by Boeing from Customer with respect to undelivered Aircraft.

Article 11. Notices.

All notices required by the Purchase Agreement will be in English and in writing, will be effective on the date of receipt and may be transmitted by the following: (i) overnight courier which provides signed acknowledgment of receipt; (ii) certified mail; (iii) U.S. mail; or (iv) facsimile, addressed as follows:

Customer: American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Courier address:
American Airlines, Inc.
4333 Amon Carter Boulevard
Mail Drop 5569
Fort Worth, Texas 76155
Attn: Vice President, Corporate Development and Treasurer

Telephone: 817-967-1227
Facsimile: 817-967-2199

Boeing: Boeing Commercial Airplane Group
P.O. Box 3707
Seattle, Washington 98124-2207
U.S.A.

Attention: Vice President - Contracts
Mail Stop 75-38

Courier Address:
Boeing Commercial Airplane Group
8th St. & Park Ave. N.
Building 10-60 Lobby
Renton, WA 98055

Telephone: 425-237-2143
Facsimile: 425-237-1706

Article 12. Miscellaneous.

12.1 Government Approval. Boeing and Customer will use reasonable efforts to assist each other in obtaining any governmental consents or approvals necessary or appropriate to effect certification and sale of Aircraft under the applicable Purchase Agreement.

12.2 Headings. Article and section headings used in this AGTA and in any Purchase Agreement are for convenient reference only and not intended to affect the interpretation of this AGTA or any Purchase Agreement, as the case may be.

12.3 GOVERNING LAW. THIS AGTA AND ANY PURCHASE AGREEMENT WILL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON, U.S.A., EXCLUSIVE OF WASHINGTON'S CONFLICTS OF LAWS PRINCIPLES.

12.4 Waiver/Severability. Failure by either party to enforce any provision of this AGTA or any Purchase Agreement will not be construed as a waiver. If any provision of this AGTA or any of the provisions of any Purchase Agreement are held unlawful or otherwise ineffective by a court of competent jurisdiction, the remainder of the AGTA or the applicable Purchase Agreement will remain in effect.

12.5 Survival of Obligations. The Articles and Exhibits of this AGTA, including but not limited to, those relating to indemnification and insurance, DISCLAIMER AND RELEASE and the EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES, will survive termination or cancellation of any Purchase Agreement.

12.6 Prior Agreements. Nothing in this AGTA is intended to alter or amend the rights and obligations of Customer and Boeing under any purchase agreement, the schedules, exhibits, and/or appendices thereto or any other agreements between Boeing and Customer entered into prior to or after the date of this AGTA unless such agreement expressly incorporates the terms and conditions of this AGTA.

12.7 Relationship of Parties. Each of the parties is an independent contractor. Nothing in this AGTA is intended or shall be construed to create or establish any agency, partnership, joint venture or fiduciary relationship between the parties. Neither party nor any of its Affiliates has any authority to act for or to incur any obligations on behalf of or in the name of the other party or any of its Affiliates.

12.8 No Third Party Beneficiaries. All rights, remedies and obligations of the parties shall accrue and apply solely to the parties and their successors and permitted assigns and there is no intent to benefit any third parties.

DATED as of the date first written above

AMERICAN AIRLINES, INC.

THE BOEING COMPANY

By _____
Its _____

By _____
Its _____

EXHIBIT A

TO

AIRCRAFT GENERAL TERMS AGREEMENT NO. AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

BUYER FURNISHED EQUIPMENT PROVISIONS DOCUMENT

1. General.

The BFE is designated "Buyer Furnished Equipment" and is listed in the Detail Specification. Boeing will provide to Customer, in accordance with Supplemental Exhibit BFE1 to the Purchase Agreement, a BFE Requirements On-Dock/Inventory Document (BFE Document), in paper form or an electronic transmission, which document may be periodically revised, setting forth the items, quantities, on-dock dates and shipping instructions relating to the in sequence installation of BFE in accordance with the applicable Supplemental Exhibit BFE1 to the Purchase Agreement.

Notwithstanding the obligations defined below, Boeing and Customer will cooperate to assure that all BFE satisfies quality, cost and schedule requirements to successfully deliver service-ready Aircraft.

2. Supplier Selection.

Customer will:

2.1 Select and notify Boeing of the suppliers of BFE items (BFE Suppliers) by those dates appearing in the Supplemental Exhibit BFE1 to the applicable Purchase Agreement as may be amended from time to time by mutual agreement of the parties.

2.2 Meet with Boeing and such selected BFE suppliers promptly (but in any event within 60 days) after such selection to:

for such BFE; and 2.2.1 complete BFE configuration design requirements

certification. 2.2.2 confirm technical data submittal dates for BFE

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3. Customer's Obligations.

Customer will:

3.1 comply with, or use reasonable efforts to cause the BFE Supplier to comply with, as applicable, the provisions of the BFE Document;

3.1.1 deliver technical data (in English) to Boeing as reasonably required to support installation and FAA certification of the BFE in accordance with the schedule provided by Boeing in the BFE Document or as mutually agreed upon by Customer, Customer's BFE Supplier, and Boeing during the BFE meeting referred to above;

3.1.2 deliver BFE including production and/or flight training spares to Boeing in accordance with the quantities and schedule provided in the BFE Document; and

3.1.3 deliver appropriate quality assurance documentation to Boeing as reasonably required with each BFE part in accordance with Boeing document D6-56586, BFE Product Acceptance Requirements;

3.2 authorize Boeing to discuss all details of the BFE directly with the BFE Suppliers, and Boeing shall promptly notify Customer of all such meetings;

3.3 authorize Boeing to conduct or delegate to the BFE Supplier quality source inspection and supplier hardware acceptance of BFE at the BFE Supplier location;

3.3.1 require BFE Supplier's contractual compliance to Boeing defined source inspection and supplier delegation programs (as included in Boeing Document D1-9000), and Customer will use best reasonable efforts to cause such BFE Supplier to make available adequate facilities for Boeing resident personnel; and

3.3.2 use best reasonable efforts to include in agreements with BFE Suppliers an agreement by such BFE Suppliers that Boeing identified supplier's quality systems be approved to Boeing document D1-9000;

3.4 use diligent efforts to obtain from each such BFE Supplier a non-exclusive, royalty-free, non-transferable, irrevocable license for Boeing to copy Aircraft Software provided by the BFE Suppliers (BFE Aircraft Software) to the extent needed to enable Boeing to load the software copies in (i) the Aircraft's mass storage device (MSD), (ii) media (e.g., diskettes, CD-ROMs, etc.), (iii) the BFE hardware and/or (iv) an intermediate device or other media solely for the purpose of facilitating copying of the BFE Aircraft Software into the aircraft's MSD, BFE hardware and/or media, including media as Boeing may deliver to Customer with the Aircraft;

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3.5 grant Boeing a license, extending the same rights set forth in Section 3.4 above, to copy: (a) BFE Aircraft Software and data Customer has modified and/or (b) other software and data Customer has added to the BFE Aircraft Software, solely for the purposes described in Section 3.4 above and to the extent Customer can do so without the consent of any applicable party. Customer will use diligent efforts to obtain such consent.

3.6 provide field service representation at Boeing's facilities, as necessary, to support Boeing on all issues related to the installation and certification of BFE;

3.7 permit Boeing to deal directly with all BFE Suppliers to obtain overhaul data, provisioning data, related product support documentation and any warranty provisions applicable to the BFE;

3.8 provide reasonable assistance to Boeing and the BFE Suppliers to resolve any difficulties, including defective BFE, that might arise;

3.9 be responsible for modifying, adjusting and/or calibrating BFE as required for FAA approval and for all reasonable related expenses;

3.10 warrant that the BFE will meet the applicable requirements of the Detail Specification; and

3.11 be responsible for either providing equipment which is FAA certifiable at time of Aircraft delivery, or for obtaining waivers from the applicable regulatory agency for non-FAA certifiable equipment.

4. Boeing's Obligations.

4.1 Without additional charge, Boeing will:

4.1.1 provide for the installation of and, in accordance with the Detail Specification, install the BFE;

4.1.2 provide for storage of the BFE;

4.1.3 take reasonable actions in conjunction with Customer and the BFE Suppliers to facilitate timely manufacture, shipment, delivery, and installation of the BFE; and

4.1.4 obtain certification (including FAA certification under FARs) of the Aircraft with the BFE installed.

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4.2 The BFE Document will set forth the specific dates by which Boeing must receive "on dock" the BFE in order to permit in sequence installation of such BFE in the Aircraft and delivery of such Aircraft. The "on dock" schedule for the first Aircraft will be based upon the delivery schedule in the Supplemental Exhibit BFE1 to the applicable Purchase Agreement. The BFE Document will also contain shipping instructions, customs information and a list of those BFE items and quantities to be supplied to Boeing by Customer to support the manufacture of the Aircraft.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

6. Return of Equipment.

BFE delivered to Boeing but not installed in the Aircraft will be returned to Customer in accordance with Customer's instructions and at Customer's expense (unless due to the act or omission of Boeing, in which event return shall be at Boeing's expense) no later than delivery of the last Aircraft to be delivered under the applicable Purchase Agreement in as good condition as was delivered by Customer to Boeing, reasonable wear and tear accepted.

7. Title and Risk of Loss.

Title to and risk of loss of BFE will at all times remain with Customer or other owner and Boeing will have only such liability for BFE as a bailee for mutual benefit would have, but will not be liable for loss of use.

8. Indemnification of Boeing.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

9. Patent Indemnity.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

10. Definitions.

For the purposes of the above indemnities, the term "Boeing" includes The Boeing Company, its divisions, subsidiaries and Affiliates, the assignees of each, and their directors, officers, employees and agents.

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EXHIBIT B

TO

AIRCRAFT GENERAL TERMS AGREEMENT NO. AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

CUSTOMER SUPPORT DOCUMENT

This document contains:

- Part 1: Maintenance and Flight Training Programs; Operations Engineering Support
- Part 2: Field Services and Engineering Support Services
- Part 3: Technical Information and Materials
- Part 4: Alleviation or Cessation of Performance
- Part 5: Protection of Proprietary Information and Proprietary Materials

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PART 1: BOEING MAINTENANCE AND FLIGHT TRAINING PROGRAMS;
OPERATIONS ENGINEERING SUPPORT

1. Boeing Training Programs.

1.1 Boeing will provide those maintenance training and flight training programs described in Supplemental Exhibit CS1 to the Purchase Agreement. Such maintenance training and flight training, including instruction and the provision of training aids and materials, will be provided at no additional charge to Customer, except as otherwise provided herein.

1.2 Boeing will conduct all training at Boeing's training facility in the Seattle area unless otherwise mutually agreed.

1.3 All training will be presented in the English language. If translation is required for Customer's personnel, Customer will provide interpreters.

1.4 Customer will be responsible for all living expenses of Customer's personnel. Boeing will transport Customer's personnel between their local lodging and Boeing's training facility.

2. Training Planning Conferences.

At least 12 months before the Scheduled Delivery Month of the first Aircraft (or such later time as the parties may agree), Customer and Boeing will conduct, at a mutually agreed upon location, planning conferences in order to define and schedule the maintenance training and flight training programs.

3. Operations Engineering Support.

3.1 As long as an Aircraft is operated by Customer in scheduled revenue service, Boeing will provide operations engineering support in Seattle, Washington or at another location, as the parties may mutually agree. Such support will include, but will not be limited to:

3.1.1 assistance with the analysis and preparation of performance data to be used in establishing operating practices and policies for Customer's efficient operation of Aircraft;

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3.1.2 assistance with interpretation of the minimum equipment list, the definition of the configuration deviation list and the analysis of individual Aircraft performance using in-service evaluations;

3.1.3 provide support and assistance with solving operational problems associated with ferry and route-proving flights, if any, contemplated under the Purchase Agreement; and

3.1.4 providing information regarding significant service items relating to Aircraft performance or flight operations.

4. Training at a Facility Other Than Boeing's.

If requested by Customer, Boeing will conduct the classroom portions of the maintenance and/or flight training (except for the Performance Engineer training courses) at a mutually acceptable alternate training site, subject to the following conditions:

4.1 Customer will provide suitable classroom space, simulators (as necessary for flight training) and training equipment required to present the courses;

4.2 Customer will pay Boeing's then-current per diem charge for each necessary Boeing instructor for each day, or fraction thereof, that the instructor is away from the Seattle area, including travel time;

4.3 Customer will reimburse Boeing for, or, subject to terms and conditions mutually agreed upon prior to Boeing providing the instructors to teach the course, Customer shall provide round-trip transportation for Boeing's instructors and training materials between the Seattle area and the alternate training site;

4.4 Customer will be responsible for taxes pursuant to Section 2.2 of the AGTA and for all fees, duties, licenses, permits and similar expenses reasonably incurred by Boeing and its employees as a result of Boeing's providing training at the alternate site or as a result of Boeing providing revenue service training. Boeing will use best reasonable efforts to notify Customer prior to commencement of training of any such fees, duties, licenses, permits and similar charges of which Boeing has knowledge; and

4.5 Those portions of training that require the use of training devices not available at the alternate site will be conducted at Boeing's facilities or at the alternate site as may be otherwise agreed.

5. General Terms and Conditions.

5.1 Boeing flight instructor personnel will not be required to work more than 5 days per week, or more than 8 hours in any one 24-hour period, of which not more than 5 hours per 8-hour workday will be spent in actual flying; provided, however, that

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the foregoing restrictions will not apply with respect to ferry assistance or revenue service training services (it being agreed that in conjunction with such services, the number of hours each Boeing flight instructor works shall be mutually agreed to and shall be in accordance with FAA rules and regulations).

5.2 If requested by Boeing prior to flight crew training on an Aircraft designated by Customer as a training aircraft, Customer will make such Aircraft available to Boeing for the purpose of familiarizing the Boeing instructor or ferry flight crew personnel with the operation of special equipment or systems installed in such Aircraft. If flight of such Aircraft is required for any Boeing instructor or ferry flight crew member to maintain an FAA license for flight proficiency or landing currency, Boeing will be responsible for the cost of fuel, oil, landing fees and spare parts attributable to that portion of any flight conducted in order to maintain such FAA flight proficiency or landing currency. Customer's authorization of the use of an Aircraft pursuant to this Section 5.2 shall apply only to Boeing instructors assigned to conduct flight training with respect to such Aircraft and a reasonable number of alternate instructors and to members of any flight crew (including navigator, if needed) who will participate in any ferry flight of any Aircraft contemplated under the Purchase Agreement.

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PART 2: FIELD SERVICES AND ENGINEERING SUPPORT SERVICES

The support services described in this Part 2 shall be provided at no additional charge to Customer, unless otherwise provided herein. Except with respect to field services provided pursuant to Section 1.1 below, the support services described in this Part 2 shall be provided by Boeing to Customer during a period commencing with delivery of the first Aircraft and continuing so long as at least one Aircraft is regularly operated by Customer in commercial air transport service.

1. Field Service Representation.

Boeing will furnish field service representation to advise Customer with respect to the maintenance and operation of Aircraft (Field Services) as follows:

1.1 Experienced Field Service representatives will be available to provide Field Services to Customer at the main maintenance and engineering facility designated by Customer for the Aircraft (or such other facility as Customer and Boeing mutually agree upon) beginning before delivery of the first Aircraft and ending 12 months after delivery of the last Aircraft. Customer reserves the right, in its sole discretion, to reasonably require Boeing to remove any such Field Service representative from Customer's facility and to provide a replacement Field Service representative.

1.2 Customer will provide, at no charge and if requested by Boeing, suitable furnished office space and office equipment at, or conveniently located with respect to, the facility designated in Section 1.1 above for the accommodation of any Boeing representatives providing Field Services. As required, Customer will assist each representative providing Field Services with mail handling, identification passes and formal introduction to local airport authorities. If Field Services are provided outside the United States, in addition to the foregoing, Customer will assist, in such manner as Boeing may reasonably request without Customer incurring additional expense, each representative providing Field Services in connection with obtaining visas, work permits and customs clearances.

1.3 In addition to Field Services provided pursuant to Section 1.1 above, Customer shall also have available, as reasonably required, the services of any Boeing Field Service representatives assigned at stations other than Customer's main station where Customer's Aircraft may have occasion to land.

1.4 Boeing may from time to time, with Customer's agreement, provide additional support services in the form of Boeing personnel visiting Customer's facilities to work with Customer's personnel in an advisory capacity.

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2. Engineering Support Services.

Boeing will, if requested by Customer, provide technical advisory assistance for any Aircraft and Boeing Product. Technical advisory assistance, provided from the Seattle area or at a base designated by Customer as appropriate, will include:

2.1 In-Service Problem Support. If Customer experiences service or operational problems with an Aircraft, Boeing will analyze the data provided by Customer to determine the probable nature and cause of the problem and to suggest possible solutions.

2.2 Schedule Reliability Support. If Customer is not satisfied with the schedule reliability of the Aircraft, Boeing will analyze data provided by Customer to determine the nature and cause of the problem and to suggest possible solutions.

2.3 Maintenance Cost Reduction Support. If Customer is concerned that actual maintenance costs of the Aircraft are excessive, Boeing will analyze data provided to determine the nature and cause of the problem and to suggest possible solutions.

2.4 Aircraft Structural Repair Support. If Customer is designing structural repairs to the Aircraft and desires Boeing support, Boeing will analyze and comment on Customer's engineering releases relating to any such structural repairs not covered by Boeing's Structural Repair Manual. If requested by Customer, Boeing will take such actions as Customer may reasonably request for the purpose of obtaining FAA approval of such repairs as soon as practicable.

2.5 Aircraft Modification Support. If Customer is designing Aircraft modifications and desires Boeing support, Boeing will analyze and comment on Customer's engineering proposals for changes in, or replacement of, any Boeing Products. Boeing will not analyze or comment on any major structural change unless Customer's request for such analysis and comment includes complete detailed drawings, substantiating data (including any data required by applicable Government Authorities), all stress or other appropriate analyses, and a specific statement from Customer of the substance of the review and the response desired.

2.6 Facilities, Ground Equipment and Maintenance Planning Support. Boeing will, at Customer's request, send qualified Boeing engineering representatives to evaluate Customer's technical facilities, tools and equipment for servicing and maintaining the Aircraft, to recommend changes where necessary and to assist in the formulation of an overall maintenance plan.

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2.7 Additional Services. Boeing shall, from time to time, provide additional special services with respect to the Aircraft after delivery which may include, but shall not be limited to, such items as master changes (kits and/or data), training and maintenance and repair of the Aircraft. The provisions of any such additional services by Boeing shall be subject to mutually agreeable terms and conditions including, without limitation, price, schedule, place, and scope of work.

2.8 Post Delivery Aircraft Services. It is recognized that Customer's personnel may request Boeing to perform unanticipated work on an Aircraft promptly after delivery of such Aircraft to Customer pursuant to Article 6 of the AGTA and either prior to the Aircraft's initial departure flight from the delivery site or upon the return of the Aircraft to Boeing's facilities in the Seattle, Washington area prior to completion of such initial departure flight. The following provisions shall apply to all work performed by Boeing under the circumstances identified above.

2.8.1 Title to and risk of loss of any such Aircraft shall at all times remain with Customer.

2.8.2 The exclusion of liabilities and other provisions of Part 2 of the Product Assurance Document and the indemnity and insurance provisions of Section 8.2 of the AGTA shall be applicable.

2.8.3 If appropriate, Customer will reimburse Boeing for any work performed on the Aircraft hereunder to the extent that such work is not covered under the Boeing warranty applicable to the Aircraft.

2.8.4 The provisions of the Boeing warranty set forth in Part 2 of the Product Assurance Document shall apply to any work performed by Boeing under this Section 2.8 and to any Boeing Product installed on the Aircraft as part of such work.

2.8.5 In performing work under this Section 2.8 Boeing may conclusively rely upon the commitment authority of Customer's personnel requesting the work.

2.9 Additional Informational Services. Boeing may from time to time, at its own initiative or in response to a request from Customer or others, provide Customer with additional services in the form of information about Aircraft or other aircraft of the same type, including information concerning design, manufacture, operation, maintenance, modification, repair and in service experience.

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PART 3: TECHNICAL INFORMATION AND MATERIALS

1. General.

Boeing will furnish to Customer the data and documents (both tangible and intangible) hereinafter described (Documents) and revisions thereof to support the maintenance and operation of the Aircraft at no additional charge to Customer, except as otherwise provided herein. Such Documents will, where applicable, be prepared essentially in accordance with the provisions of the highest revision as may be incorporated by Boeing of the Air Transport Association of America (ATA) Specification No. 100, entitled "Specification for Manufacturers' Technical Data". Documents will be in English and in the units of measure used by Boeing to manufacture the Aircraft, except as may be otherwise specified in this Part 3 or as may be required to reflect Aircraft instrumentation.

Digitally-produced Documents will, where applicable, be prepared generally in accordance with ATA Specification No. 2100, Revision 2, entitled "Digital Data Standards for Aircraft Support."

2. Documentation Planning Conferences.

At least 12 months before the Scheduled Delivery Month of the first Aircraft (or such later time as the parties may agree), Customer and Boeing will conduct, at a mutually agreed upon location, planning conferences in order to mutually determine the proper format and quantity of Documents to be furnished to Customer in support of the Aircraft. Such planning conferences will also be used to resolve other details related to such Documents, including, but not limited to, the provision by Boeing of advance copies and revision services.

When available, Customer may select Boeing standard digital format as the delivery medium or, alternatively, Customer may select a reasonable quantity of printed and 16mm microfilm formats. When Boeing standard digital format is selected, Customer may also select up to 5 copies of printed or microfilm format copies, with the exception of the Illustrated Parts Catalog, which will be provided at no charge in one selected format only.

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3. Data and Documents - Incremental Increase.

Until one year after delivery of the last Aircraft of a specific major model, Customer may annually request in writing a reasonable increase in the quantity of Documents applicable to such specific major model, with the exception of microfilm master copies, digital formats, and others for which a specified number of copies are provided at no charge in accordance with Supplemental Exhibit CS1 to the Purchase Agreement. Boeing will provide the additional quantity at no additional charge beginning with the next normal revision cycle. Customer may request a decrease in revision quantities at any time.

4. Advance Representative Copies.

All advance representative copies of Documents will be identified in the documentation planning conference and will be selected by Boeing from available documents and will be reasonably representative of the Aircraft. Such advance copies will be for advance planning purposes only.

5. Customized Documents.

All customized Documents will reflect the configuration of each Aircraft as delivered.

6. Revisions.

6.1 Revision Service. Boeing will as necessary to reflect configuration and, in the case of the Dispatch Deviation Procedures Guide, to reflect changes in applicable FAA requirements, provide revisions free of charge to those Documents designated in Attachment A to Supplemental Exhibit CS1 or otherwise identified in the planning conference conducted pursuant to Section 2, for a specific model of Aircraft, as long as Customer operates an Aircraft of that model.

6.2 Revisions Based on Boeing Service Bulletin Incorporation. If Boeing receives written notice from Customer that Customer intends to incorporate, or has incorporated, any Boeing service bulletin in an Aircraft, Boeing will at no charge issue revisions to Documents listed as Customized Manuals in Supplemental Exhibit CS1 to the Purchase Agreement and to the Illustrated Parts Catalog reflecting the effects of the incorporation of such service bulletin into such Aircraft. Such revisions will be issued (a) in the same form and quantity as the original Document to which the revisions pertain, for the period specified in Section 3 above and (b) thereafter in printed form, except for the Illustrated Parts Catalog (IPC) which shall be revised until 90 days after delivery of the last Aircraft.

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7. Computer Software Documentation for Boeing Manufactured Airborne Components and Equipment.

Boeing will provide to Customer a Computer Software Index containing a listing of (i) all programmed airborne avionics components and equipment manufactured by Boeing or a Boeing subsidiary, designed and developed in accordance with Radio Technical Commission for Aeronautics Document No. RTCA/DO-178 dated January 1982 or No. RTCA/DO-178B dated December 1, 1992, or later as available, and installed by Boeing in the Aircraft and (ii) specific software documents (Software Documentation) available to Customer from Boeing for the listed components and equipment.

Two copies of the Computer Software Index will be furnished to Customer with the first Aircraft of a major model and, if requested by Customer, with the first Aircraft of each derivative model. Revisions to the Computer Software Index applicable to such major or derivative model of Aircraft, as applicable, will be issued to Customer as revisions are developed by Boeing for so long as Customer operates the Aircraft.

Software Documentation will be provided to Customer upon Customer's written request therefor. The charge to Customer for Software Documentation will be Boeing's price to reproduce the Software Documentation requested. Software Documentation will be prepared essentially in accordance with ATA Specification No. 102, entitled "Specification for Computer Software Manual as revised April 23, 1983;" but Software Documentation will not include, and Boeing will not be obligated to provide, any code (including, but not limited to, original source code, assembled source code, or object code) on computer sensible media.

8. Supplier Technical Data.

8.1 For supplier-manufactured programmed airborne avionics components and equipment classified as Seller Furnished Equipment or Seller Purchased Equipment which contain computer software designed and developed in accordance with Radio Technical Commission for Aeronautics Document No. RTCA/DO-178 dated January 1982 or No. RTCA/DO-178B dated December 1, 1992, or later as available, Boeing will request that each supplier of the components and equipment make software documentation available to Customer in a manner similar to that described in Section 7 above.

8.2 The provisions of this Section will not be applicable to items of BFE.

8.3 Boeing will furnish to Customer a Document identifying the terms and conditions of the product support agreements between Boeing and its suppliers requiring the suppliers to fulfill Customer's requirements for data and services in support of the specific model of aircraft.

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9. Buyer Furnished Equipment Data.

Boeing will incorporate BFE data into the customized Documents, provided Customer makes the data available to Boeing at least nine months prior to delivery of Customer's first Aircraft of a specific derivative model. If Customer does not provide Boeing with such data by such time, Customer may provide such data to Boeing at any time up to the delivery date of such Aircraft, and Boeing will use its best reasonable efforts to incorporate such data, free of charge, at the next scheduled revision to each customized Document. Customer agrees to furnish the data in Boeing standard digital format if the applicable customized Documents are to be delivered in Boeing standard digital format.

10. Technical Data and Documents Shipping Charges.

Boeing will pay the reasonable transportation costs of the Documents. Customer is responsible for any customs clearance charges, duties, and taxes imposed in connection with such transportation.

11. Customer's Shipping Address.

The Documents furnished to Customer hereunder will be sent to the following address, as applicable, or to such other address as Customer may from time to time designate in writing:

11.1 if to Maintenance and Engineering:
American Airlines, Inc.
3900 N. Mingo, MD107
Tulsa, Oklahoma 74116-5020
Attention: Engineering Library

11.2 if to Flight Training:
American Airlines, Inc.
4601 Hwy 360
MD 863 GSWFA
Ft. Worth, Texas 76155
Attention: Managing Director-Flight Training/
Flight Standards

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PART 4: ALLEVIATION OR CESSATION OF PERFORMANCE

Boeing will not be required to provide any services, training, data or goods at a facility designated by Customer when any of the following conditions exist:

1. a labor stoppage or dispute in progress involving Customer;
2. wars or warlike operations, riots or insurrections in the country where the facility is located;
3. any condition at the facility which, in the opinion of Boeing, is detrimental to the general health, welfare or safety of its personnel or their families;
4. the United States Government refuses permission to Boeing personnel or their families to enter into the country where the facility is located, or officially recommends that Boeing personnel or their families leave the country; or
5. the United States Government refuses permission to Boeing to deliver goods or services to the country where the facility is located.

Boeing further reserves the right, during the existence of any of the foregoing conditions subsequent to the location of Boeing personnel at the facility, to immediately and without prior notice relocate its personnel and their families to a place of Boeing's choosing. Any resulting delay will be deemed a delay by mutual agreement. In the event Boeing must cease providing any training, or other services or goods, including without limitation any cessation due to a relocation of Boeing personnel, pursuant to the terms of this Part 4, the parties hereto shall within a reasonable time under the then existing circumstances enter into a written agreement containing the terms and conditions for either the provision by Boeing of the remaining balance of such training, other services or goods or the termination of Boeing's obligation to provide the remaining balance of such training, other services or goods.

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PART 5: PROTECTION OF PROPRIETARY INFORMATION AND PROPRIETARY MATERIALS

1. General.

All Documents provided by Boeing to Customer and not covered by other agreements between Boeing and Customer defining Customer's right to use and disclose the materials and included information will be covered by, and subject to the terms of, this AGTA. Title to all Documents containing, conveying or embodying confidential, proprietary or trade secret information (Proprietary Information) belonging to Boeing or a third party, will at all times remain with Boeing or such third party. All Documents which contain, convey, or embody Proprietary Information are defined as Proprietary Materials. Customer will treat all Proprietary Materials and all Proprietary Information in confidence and use and disclose the same only as specifically authorized in this AGTA.

2. License Grant.

Boeing grants to Customer a worldwide, non-exclusive, non-transferable license to use and disclose Proprietary Materials in accordance with the terms and conditions of this AGTA. Customer is authorized to make copies of Proprietary Materials (except for Proprietary Materials bearing the copyright legend of a third party), and all copies of Proprietary Materials will belong to Boeing and be treated as Proprietary Materials under this AGTA. Customer will preserve all proprietary legends, and all copyright notices on all Proprietary Materials and insure the inclusion of those legends and notices on all copies.

3. Use of Proprietary Materials and Proprietary Information.

Customer is authorized to use Proprietary Materials and Proprietary Information for the purpose of: (a) operation, maintenance, repair, or modification of the Aircraft for which the Proprietary Materials have been specified by Boeing and (b) development and manufacture of training devices for use by Customer. Upon the resale or lease of any Aircraft by Customer, the purchaser or lessee of such Aircraft may receive from Customer and may use any Documents furnished hereunder, subject, however, to the foregoing limitations and the requirement of Article 9 of the AGTA.

4. Providing of Proprietary Materials to Contractors.

Customer is authorized to provide Proprietary Materials to Customer's contractors for the sole purpose of maintenance, repair, or modification of Customer's Aircraft for which the Proprietary Materials have been specified by Boeing. In addition,

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Customer may provide Proprietary Materials to Customer's contractors for the sole purpose of developing and manufacturing training devices for Customer's use. Before providing Proprietary Materials to its contractor, Customer will first obtain a written agreement from the contractor by which the contractor agrees (a) to use the Proprietary Materials only on behalf of Customer, (b) to be bound by all of the restrictions and limitations of this Part 5, and (c) that Boeing is an intended third party beneficiary under the written agreement. Customer agrees to provide copies of all such written agreements to Boeing upon request and be liable to Boeing for any breach of those agreements by a contractor. A sample agreement acceptable to Boeing is attached as Appendix V.

5. Providing of Proprietary Materials and Proprietary Information to Regulatory Agencies.

When and to the extent required by a government regulatory agency having jurisdiction over Customer or an Aircraft, Customer is authorized to provide Proprietary Materials and to disclose Proprietary Information to the agency for use in connection with the Customer's operation, maintenance, repair, or modification of such Aircraft. Customer agrees to take all reasonable steps to prevent the agency from making any distribution, disclosure, or additional use of the Proprietary Materials and Proprietary Information provided or disclosed. Customer further agrees to notify Boeing immediately upon learning of any (a) distribution, disclosure, or additional use by the agency, (b) request to the agency for distribution, disclosure, or additional use, or (c) intention on the part of the agency to distribute, disclose, or make additional use of Proprietary Materials or Proprietary Information.

6. Additional Data and Documents.

If Boeing provides any Boeing owned data or documents other than Documents described in Part 3 of the Exhibit B, such data and documents will be considered as things delivered under the applicable Purchase Agreement and treated as Documents.

EXHIBIT C

TO

AIRCRAFT GENERAL TERMS AGREEMENT NO. AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

PRODUCT ASSURANCE DOCUMENT

This document contains:

- Part 1: Definitions for this Product Assurance Document
- Part 2: Boeing Warranty
- Part 3: Boeing Service Life Policy
- Part 4: Supplier Warranty Commitment
- Part 5: Boeing Interface Commitment
- Part 6: Boeing Indemnity against Patent and Copyright Infringement

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PRODUCT ASSURANCE DOCUMENT

PART 1: EXHIBIT C DEFINITIONS

AUTHORIZED AGENT - any agent appointed by Customer to perform Corrections and to administer warranties pursuant to an authorization agreement described in Section 6.1.

AVERAGE DIRECT HOURLY LABOR RATE - the average hourly rate (excluding all fringe benefits, premium-time allowances, social charges, business taxes and the like) paid by Customer to its Direct Labor employees.

AIRCRAFT SOFTWARE - software that is installed on and used in the operation of the Aircraft.

BOEING PRODUCT - any system, accessory, equipment, Part, or Aircraft Software that is (a) manufactured (or compiled) by Boeing, (b) manufactured (or compiled) or intended to be manufactured (or compiled) to Boeing's detailed design, or (c) work that is performed by Boeing.

CORRECT OR CORRECTION - to repair or modify (including Boeing providing to Customer modification kits for a defective product) or to replace a defective Boeing Product with a new product, whether performed by Customer, Boeing, or otherwise restores the product to an airworthy condition.

CORRECTED BOEING PRODUCT - a Boeing Product on which a Correction has been performed.

DIRECT LABOR - labor spent by direct labor employees in performing the Correction including removal, disassembly, modification, repair, inspection and/or bench testing (including functional testing) a defective Boeing Product and reassembly and reinstallation of a Corrected Boeing Product.

DIRECT MATERIALS - materials installed, incorporated, consumed, or expended in performing a Correction, excluding allowances for administration, overhead, taxes, customs duties and the like.

SUPPLIER PRODUCT - any system, accessory, equipment, Part, or Aircraft Software that is not manufactured (or compiled) to Boeing's detailed design.

WARRANTY INSPECTIONS - inspections to or of any Aircraft or Boeing Products performed, no later than 90 days following expiration of the warranty period, and which are recommended during the warranty period by a service bulletin, service letter, other Boeing correspondence, or FAA Airworthiness Directive which is covered by the Boeing warranty.

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PRODUCT ASSURANCE DOCUMENT

PART 2: BOEING WARRANTY

1. Warranty Applicability.

This warranty applies to the Aircraft and all Boeing Products. Warranties applicable to Supplier Products are stated in Part 4. Warranties applicable to Engines will be provided by Supplemental Exhibits to the Purchase Agreements.

2. Warranty.

2.1 Coverage. Boeing warrants that at the time of each Aircraft delivery and during the applicable warranty period set forth in Section 3 below:

- (i) the Aircraft and all Boeing Products installed therein will conform to the Detail Specification except for portions stated expressly in such Detail Specification to be estimates, approximations or design objectives;
- (ii) the Aircraft and all Boeing Products in the Aircraft will be free from defects in material and workmanship, including process of manufacture;
- (iii) the Aircraft and all Boeing Products installed in the Aircraft will be free from (A) defects in design, including selection of materials, systems, accessories, equipment, and the process of manufacture, in view of the state of the art at the time of the design of the system, accessory, equipment or part in question, and (B) defects in design known to Boeing on the date of issuance of the original FAA type certificate for the Aircraft; and
- (iv) the workmanship utilized for the installation and interfacing of Supplier Products and BFE will be free from defects.

For purposes of this Product Assurance Document, it is understood that (a) non-conformance with the Detail Specification whether by omission or by a defect in material, workmanship or design, (b) defects in material or workmanship and (c) defects or faults in design are hereinafter collectively called "defects" or a "defect." Further, the terms system, accessory, equipment or Part may hereinafter collectively be called "item" or "items."

Any defect in the Boeing workmanship incorporated in the installation of Supplier Products in the Aircraft, including any failure by Boeing to conform to the installation instructions of the manufacturers of such items that invalidates any applicable warranty

from such manufacturers, shall constitute a defect in workmanship for the purposes of this Part 2 and shall be covered by the warranty set forth in Section 2.1(ii).

2.2 Exceptions. The following conditions will not constitute a defect under this warranty:

- (i) conditions resulting from normal wear and tear;
- (ii) conditions resulting from negligent acts or omissions of Customer (other than failure to properly service and maintain the Aircraft); and
- (iii) conditions resulting from failure to properly service and maintain the Aircraft in accordance with a FAA approved maintenance program

2.3 Year 2000 Compliant Software.

Boeing warrants to Customer that all Boeing-designed or created Aircraft Software Boeing supplies to Customer pursuant to the applicable Purchase Agreements will be "Year 2000 Compliant"; i.e., it will accommodate the change from the year 1999 to year 2000. In the event such Aircraft Software is not Year 2000 Compliant at the time of Aircraft delivery to Customer, Boeing will either modify such Aircraft Software to be Year 2000 Compliant, replace such non-compliant Aircraft Software with Aircraft Software that is Year 2000 Compliant or provide a reasonable workaround to allow continued use of such software until final correction to the software can be accomplished.
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

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3. Warranty Periods.

3.1 Initial Warranty. The initial warranty period for the warranties described in this Part 2 begins on the date of delivery of the applicable Aircraft and expires after the expiration of either 36 months or 48 months from that date depending on the model of the Aircraft as indicated in the table below.

48 MONTHS	36 MONTHS
777-200	737-300
777-300	737-400
737-600	737-500
737-700	757-200
737-800	757-300
	767-200
	767-300
	767-400
	747-400

3.2 Residual Warranty. The warranty period applicable to a Corrected Boeing Product resulting from a nonconformance to the Detail Specification in accordance with Section 2.1(i) or a defect in material or workmanship, of the type described in Section 2.1(ii), is the remainder of the initial warranty period for the defective Boeing Product it replaced or 90 days after delivery of the Corrected Boeing Product, whichever period last expires. A Corrected Boeing Product resulting from a defect in design of the type described in Section 2.1(iii) and (iv) will receive a new 18 month warranty period or the remainder of the initial warranty period covering that specific design, whichever is greater. If either a Corrected Boeing Product or a kit for Correction is provided to Customer but not both, then the new 18 month period begins at the date of delivery of the Corrected Boeing Product or date of delivery of the kit or kits furnished to perform the Correction, as applicable. If both a Corrected Boeing Product and a kit are provided, then the new 18 month period begins on the date of delivery of the Corrected Boeing Product or date of delivery of the kit or kits furnished to perform the Correction, whichever is later.

3.3 Survival of Warranties. All warranties set forth in Section 2 above will survive delivery of each Aircraft as set forth above except that neither the warranty of conformance to the Detail Specification applicable to Supplier Products, nor any Performance Guarantees will survive delivery of the Aircraft.

4. Remedies.

4.1 Defect Correction. Boeing will, at Customer's option, either promptly Correct or promptly reimburse (as provided below) Customer for the Correction by Customer (or its contractor) of all defects in Boeing Products (including defects in conformance to the Detail Specifications other than those agreed by Customer and Boeing to be acceptable deviations) discovered during the applicable (initial or residual) warranty period for which Customer has provided written notice pursuant to Section 6. At Customer's option, defective Boeing Products may be returned to Boeing for Correction at no charge, or Customer may Correct any defective Boeing Product and be reimbursed by Boeing for such Correction, each as provided below.

4.2 Warranty Labor Rate. If Customer Corrects a defective Boeing Product, Boeing will promptly reimburse Customer for (a) the cost of Direct Materials expended and (b) the number of expended Direct Labor hours which will be reimbursed at Customer's Established Warranty Labor Rate. For purposes of this Product Assurance Document, "Customer's Established Warranty Labor Rate" will be the greater of the "standard labor rate" or 150% of Customer's Average Direct Hourly Labor Rate. The "standard labor rate" referred to in the preceding sentence is the standard labor rate paid by Boeing to its customers and is established and published annually. Prior to or concurrently with submittal of Customer's first claim for Direct Labor reimbursement, Customer will notify Boeing of Customer's then-current Average Direct Hourly Labor Rate, and thereafter notify Boeing of any material change in such rate. If requested, Customer shall furnish to Boeing such data as may be reasonably required to substantiate such rate.

4.3 Warranty Inspections. In addition to the remedies to Correct defects in Boeing Products, Boeing will reimburse Customer for the cost of all Direct Labor to perform inspections (covered solely by this Section 4.3) of the Aircraft to determine whether or not a covered defect exists in a Boeing Product, provided:

4.3.1 the inspections are Warranty Inspections; and

4.3.2 such reimbursement will not apply to any Warranty Inspections performed as an alternative to accomplishing a Correction when Customer is given notice of the Correction by Boeing and the Correction is available to Customer at the time such inspections are performed unless the continued inspections are recommended by Boeing.

4.4 Credit Memorandum Reimbursement. All reimbursements made by Boeing under this warranty will be in the form of Boeing credit memoranda which Customer will be entitled to use in lieu of cash payments to pay, in whole or in part, for the purchase of goods and services provided by Boeing and/or its Affiliates, excluding payment for the Aircraft.

4.5 Maximum Reimbursement. Unless otherwise agreed in writing, prior to a Correction, the maximum reimbursement for Direct Labor and Direct Materials used in Correcting a defective Boeing Product will not exceed 65% of Boeing's then-current sales price for a new replacement Boeing Product or in specific instances such other percentage of the then-current sales prices as may be mutually agreed by Boeing and Customer.

4.6 Duplicate Product Assurance Remedies. Boeing shall not be obligated to provide Customer any remedy which is a duplicate of any other remedy which has been provided to Customer under any part of this Product Assurance Document, provided however, that Customer at all times shall be entitled to the most favorable of any duplicate remedy.

5. Discovery and Notice.

5.1 Valid Claim. For a claim to be valid:

- (i) the defect must be discovered during the warranty period; and
- (ii) Boeing Product Assurance Contracts (whose address will be provided to Customer in writing) must receive written or telegraphic notice of the discovery within 90 days after expiration of the applicable (initial or residual) warranty period. The notice must include the information required by Section 6.2.1.

5.2 Notice. Receipt of Customer's notice of the discovery of a defect secures Customer's rights to remedies under this Product Assurance Document, whether or not Customer has Corrected the defect at the time of the notice or Boeing requests additional information regarding the defect or claim.

5.3 Claim Submittal. Once Customer has given valid notice of the discovery of a defect, claims may be submitted at any time after the defect is Corrected.

5.4 Service Bulletins. Boeing may release service bulletins or service letters advising Customer of the availability of certain warranty remedies. When such advice is provided, Customer will be deemed to have fulfilled the requirements for discovery of the defect and submittal of notice in this Product Assurance Document as of the date specified in the service bulletin or service letter.

6. Filing a Claim.

6.1 Authority to File. Claims may be filed by Customer or any Authorized Agents who Customer empowers to act on Customer's behalf. Empowerments will only be effective upon Boeing's receipt of the Authorized Agent's express written agreement, in form reasonably satisfactory to Boeing, to be bound by and to comply with all applicable terms and conditions of this AGTA.

6.2 Claim Information.

6.2.1 All claims will at a minimum include the following:

- (i) identity of claimant;
- (ii) serial or block number of the Aircraft on which the defective Boeing Product was delivered;
- (iii) part number of defective Boeing Product if available;
- (iv) description of the claimed defect and reasonable proof that the defect exists; and
- (v) date the defect was discovered.

6.2.2 Additional information may be reasonably required based on the nature of the defect and the remedies requested. Boeing will promptly request such additional information from Customer.

6.2.3 Boeing may reject a claim which does not comply with the requirements of this Section 6.2.

6.3 Boeing Claim Processing.

6.3.1 All claims must be signed and submitted directly by Customer or its Authorized Agent to Boeing Product Assurance Contracts.

6.3.2 Boeing will promptly review the claim and give prompt notification of claim approval or rejection. If the claim is rejected, then Boeing will promptly provide written explanation as to the reason for such rejection. In the event of rejection, Customer will have the opportunity to resubmit the claim in accordance with the above procedures if additional information not provided in the initial claim becomes available.

7. Corrections Performed by Customer.

7.1 Facilities Requirements. Customer may at its option perform Corrections to Boeing Products or may subcontract Corrections to an Authorized Agent of Customer.

7.2 Technical Requirements. All Corrections performed by Customer or its Authorized Agent must be performed in accordance with Boeing's applicable service manuals, bulletins or other written instructions provided in advance by Boeing to Customer, using parts and materials furnished or approved by Boeing.

7.3 Claims for Reimbursement.

7.3.1 As stated in Section 4 above, Boeing will promptly reimburse Customer for reasonable costs of Direct Labor and Direct Materials, excluding time expended for normal overhaul, to perform a Correction to a defective Boeing Product. Customer's claim for reimbursement must contain reasonably sufficient information to substantiate Direct Labor hours expended and Direct Materials consumed. Customer or its Authorized Agent may be required to produce invoices for materials. Boeing will also reimburse actual Direct Labor hours reasonably necessary for interim repairs performed prior to a final correction, if the repair and procedure is approved by Boeing. Direct Labor for which Customer is reimbursed under this Section 7.3.1 includes work performed towards a Correction that does not fully correct the defect if Boeing instructions were not sufficient to Correct the defect.

7.3.2 Notwithstanding anything to the contrary contained herein, reimbursement for Direct Labor hours to perform Corrections defined in a service bulletin or service letter will be based on the labor estimates in the service bulletin or service letter.

7.4 Disposition of Defective Boeing Products Beyond Economical Repair.

7.4.1 Unless Customer has received confirmation from Boeing or its on-site customer services representative in accordance with Section 7.4.2, defective Boeing Products that are found to be beyond economical repair will be retained for a period of 60 days from the date Boeing receives Customer's claim for such parts. Boeing may request return, at Boeing's expense, of such Boeing Products during the 60 day period for inspection and confirmation of defect.

7.4.2 If after the 60 day holding period, Customer has not received a request for return of a defective Boeing Product from Boeing, such Boeing Product with a value of U.S. \$2000 or less may be scrapped without notification to Boeing. If such Boeing Product has a value greater than U.S. \$2000, Customer must obtain confirmation of unrepairability by Boeing's on-site customer services representative prior to scrapping. Confirmation may be in the form of the customer services representative's signature on Customer's claim or through direct communication between the customer services representative and Boeing Product Assurance Contracts.

8. Corrections Performed by Boeing.

Customer may, at its option, return Boeing Products to Boeing for correction in which event the following provisions shall apply with respect to each Boeing Product so returned to Boeing for Correction in accordance with this Part 2 of this Product Assurance Document.

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8.1 Freight Charges. Customer will pay freight charges to return a defective Boeing Product to Boeing. Boeing will promptly reimburse Customer for the charge for any item determined to be defective under this Product Assurance Document. Boeing will pay freight charges to return the Corrected Boeing Product.

8.2 Customer Instructions. The documentation shipped with the returned defective Boeing Product may include specific technical instructions for work to be performed on the Boeing Product or written request to contact Customer prior to commencing any Corrections. The absence of such instructions or request will evidence Customer's authorization for Boeing to proceed to perform all reasonably necessary Corrections and work required to return the Boeing Product to a serviceable condition.

8.3 Correction Time Objectives.

8.3.1 All Corrections shall be performed by or for Boeing at Boeing's expense with reasonable care and dispatch in order that the Aircraft or Boeing Product involved will not be kept out of service longer than necessary. Boeing's objective for making Corrections is 10 working days for avionics and electronic Boeing Products, 30 working days for other Boeing Products Corrected at Boeing's facilities, and 40 working days for other Boeing Products Corrected at a Boeing subcontractor's facilities. The objectives are measured from the date Boeing receives the defective Boeing Product and a valid claim to the date Boeing ships the Corrected Boeing Product.

8.3.2 If Boeing reasonably believes that it will exceed or does exceed a Correction time objective and Customer has procured spare Boeing Products for the defective Boeing Product in quantities shown in Boeing's Recommended Spare Parts List (RSPL), then Boeing will either expedite the Correction to meet Customer's completion date or provide a similar Boeing Product on a no-charge loan or lease basis until a Corrected Boeing Product is returned to Customer.

8.4 Title Transfer and Risk of Loss.

8.4.1 Title to and risk of loss of any Boeing Product returned to Boeing will at all times remain with Customer or any other title holder of such Boeing Product. While Boeing has possession of the returned Boeing Product, Boeing will have only such liabilities as a bailee for mutual benefit would have, but will not be liable for loss of use.

8.4.2 If Correction of a defect requires shipment of a new Boeing Product, then at the time Boeing ships the new item, title to and risk of loss for the returned Boeing Product will pass to Boeing, and title to and risk of loss for the new Boeing Product will pass to Customer.

9. Returning an Aircraft.

9.1 Conditions. Unless Boeing and Customer agree otherwise, an Aircraft may be returned to Boeing's facilities, or such other facility as may be mutually agreed to, for Correction only if a defect occurs during the ferry flight following delivery or if:

- (i) Boeing and Customer agree a defect exists;
- (ii) Customer lacks access to either its own adequate facilities (or its contractor's facilities if used by Customer in the normal course of its business), equipment, qualified personnel, or data to perform the Correction; and
- (iii) it is not practical, in Boeing's reasonable estimation, to dispatch Boeing personnel to perform the Correction at a remote site.

9.2 Correction Costs. In the event an Aircraft is returned to Boeing facilities, Boeing will perform the Correction at no charge to Customer in accordance with the Correction objectives and other conditions herein. Subject to the conditions of Section 9.1, Boeing will promptly reimburse Customer for the costs of fuel, oil and landing fees incurred in ferrying the aircraft to Boeing and back to Customer's facilities. Customer will use reasonable efforts to minimize the length of both flights.

9.3 Separate Agreement. Boeing and Customer will enter into a separate agreement covering return of the Aircraft and performance of the Correction. Customer may be invoiced for work performed by Boeing that is not part of the Correction if and to the extent authorized by Customer within a reasonable period of time.

10. Customer's Indemnification of Boeing.

The provisions of Section 8.2, "Title and Risk with Customer", of the AGTA will apply to any work performed with due care by Boeing in conformity with Customer's specific technical instructions, to the extent any legal liability of Boeing is based upon Boeing's performing such work in conformance with the content of such instructions.

11. Disclaimer and Release; Exclusion of Liabilities.

11.1 DISCLAIMER AND RELEASE. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED ELSEWHERE IN THE AGTA OR THE PURCHASE AGREEMENT, THE WARRANTIES, OBLIGATIONS AND LIABILITIES OF BOEING AND THE REMEDIES OF CUSTOMER STATED IN THIS PRODUCT ASSURANCE DOCUMENT ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES, ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF CUSTOMER AGAINST BOEING,

EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMANCE OR DEFECT IN ANY AIRCRAFT OR OTHER THING PROVIDED UNDER THIS AGTA AND THE APPLICABLE PURCHASE AGREEMENTS, INCLUDING, BUT NOT LIMITED TO:

- (A) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS;
- (B) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (C) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT, WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF BOEING; AND
- (D) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY FOR LOSS OF OR DAMAGE TO ANY AIRCRAFT.

11.2 EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES. BOEING WILL HAVE NO OBLIGATION OR LIABILITY, WHETHER ARISING IN CONTRACT (INCLUDING WARRANTY), TORT, WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF BOEING, OR OTHERWISE, FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY NONCONFORMANCE OR DEFECT IN ANY AIRCRAFT, BOEING PRODUCT OR OTHER THING PROVIDED UNDER THIS AGTA AND THE APPLICABLE PURCHASE AGREEMENTS.

11.3 Definitions. For the purpose of this Section 11, "BOEING" or "Boeing" is defined as The Boeing Company, its divisions, subsidiaries, Affiliates, the assignees of each, and their respective directors, officers, employees and agents.

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PART 3: BOEING SERVICE LIFE POLICY

1. Definitions.

FAILED COMPONENT - a SLP Component in which a Failure has occurred.

FAILURE - means any defect, failure or breakage, in a SLP Component.

SLP COMPONENT - the items listed in Supplemental Exhibit SLP1 to the applicable Purchase Agreement for a specific model of Aircraft that is installed in the Aircraft at the time of delivery or is purchased from Boeing by Customer as a spare part, or is purchased from Boeing or delivered by Boeing as a Correction or replacement under this Product Assurance Document.

POLICY - the Service Life Policy contained in this Part 3 to the Product Assurance Document.

2. Service Life Policy.

2.1 SLP Commitment. If a Failure occurs in a SLP Component within the time periods specified in Section 2.2 below, Boeing will as promptly as practicable, at a price calculated pursuant to Section 3 below, either (i) design and furnish to Customer a Correction of the Failed Component (including Boeing standard parts but excluding industry standard parts), (ii) design and furnish to Customer materials required to Correct or repair the Failed Component (including Boeing standard parts but excluding industry standard parts) or (iii) furnish to Customer a replacement SLP Component for the Failed Component.

2.2 SLP Policy Periods.

2.2.1 The Policy period for SLP Components initially installed on an Aircraft is 12 years after delivery of the Aircraft.

2.2.2 The Policy period for SLP Components purchased from Boeing by Customer as spare parts is 12 years after delivery of such SLP Component, or 12 years after delivery of the last new Aircraft of a specific model, whichever first expires.

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3. Price.

The price that Customer will pay for the correction or replacement of a Failed Component will be calculated pursuant to the following formula:

$$P = \frac{C * T}{144}$$

where:

- P = price to Customer
- C = SLP Component sales price at time of correction or replacement
- T = total age in months (to the nearest month) of the Failed Component from the date of delivery of Failed Component to Customer to the date of correction or replacement.

4. Conditions and Limitations.

Boeing's obligations under this Policy are conditioned upon the following:

4.1 Customer must notify Boeing of the Failure within three months after it becomes apparent.

4.2 Customer must provide reasonable evidence that the claimed defect or Failure is covered by this Policy and, if requested by Boeing, that such defect or Failure was not the result of (i) a defect or Failure in a component not covered by this Policy, (ii) an extrinsic force, or (iii) a negligent or improper act or omission of Customer, including, without limitation, operation or maintenance contrary to applicable governmental regulations or Boeing's applicable service bulletins, service letters, maintenance manuals, overhaul manuals and other written Boeing instructions provided to Customer by Boeing prior to such alleged negligent or improper act or omission of Customer.

4.3 If return of a Failed Component is practicable and requested by Boeing, Customer will return such Failed Component to Boeing at Boeing's expense.

4.4 Customer's rights and remedies under this Policy are limited to the receipt of corrective materials or replacement components at prices calculated pursuant to Section 3 above. If corrections or replacements are performed by Boeing at Customer's request, the rates charged Customer for such installation shall not exceed the rates charged other commercial customers of Boeing during substantially the same time period.

5. Disclaimer and Release; Exclusion of Liabilities.

This Part 3 and the rights and remedies of Customer and the obligations of Boeing are subject to the DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions of Section 11 of Part 2 of this Product Assurance Document.

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AGTA-AAL

PART 4: SUPPLIER WARRANTY COMMITMENT

1. Supplier Warranties and Supplier Patent Indemnities.

Boeing will obtain adequate warranties and indemnities against patent and copyright infringement enforceable by Customer from all suppliers and manufacturers (Suppliers) of Supplier Products (and their replacements under this Product Assurance Document) installed on the Aircraft at the time of delivery. Boeing will furnish copies of the warranties and patent indemnities to Customer as soon as available but no later than delivery of the first Aircraft of a model.

2. Boeing Assistance in Administration of Supplier Warranties.

Customer will be responsible for submitting warranty claims directly to Suppliers; however, if Customer experiences problems enforcing any Supplier warranty obtained by Boeing for Customer, Boeing will promptly conduct an investigation of the problem, report to Customer the results of its investigation, and assist Customer in the resolution of those claims. To the extent warranties are for the benefit of Boeing only and not enforceable by Customer, Customer may submit its claim to Boeing and Boeing will promptly enforce such warranty against the applicable Supplier.

3. Boeing Support in Event of Supplier Default.

3.1 In the event that:

3.1.1 any Supplier, under any Supplier warranty obtained by Boeing pursuant to Section 1 above, defaults in the performance of any material obligation contained in such Supplier warranty, with respect to a defect in material or workmanship or a defect in design in any Supplier Product (and their replacements under the Product Assurance Document) installed in the Aircraft at the time of delivery, and

3.1.2 Customer submits to Boeing Product Assurance Contracts, reasonable proof that such default has occurred, then the warranty set forth in Section 2.1(ii) or 2.1(iii), as the case may be, of Part 2 of the Product Assurance Document, and Sections 3.1 through Section 11.3 of such Part 2, shall apply to such defect to the same extent as if such Supplier Product (or replacement pursuant to this Product Assurance Document) were a Boeing Product, except that:

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(i) the warranty period with respect to such Supplier Product shall be the longer of the applicable period set forth in such Supplier warranty, if a warranty period is expressly set forth therein, or the warranty period set forth in Section 3.1 of Part 2 of this Product Assurance Document, and

(ii) the warranty notice period shall be as specified in Section 5 of Part 2 of this Product Assurance Document.

3.2 At Boeing's request, Customer will assign to Boeing, and Boeing will be subrogated to, its rights against the Supplier provided by the Supplier warranty.

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PRODUCT ASSURANCE DOCUMENT

PART 5: BOEING INTERFACE COMMITMENT

1. Interface Problems.

If Customer experiences any technical problems in the operation of an Aircraft or its systems, the cause of which is not readily identifiable by Customer but which Customer believes to be attributable to the design characteristics of the Aircraft or one or more of its systems, defined as an Interface Problem, Boeing will, without additional charge to Customer, promptly conduct an investigation and analysis to determine the cause or causes of the Interface Problem and to recommend such corrective action as may be feasible. At the reasonable request of Boeing, Customer will furnish to Boeing all data and information in its possession reasonably relevant to the Interface Problem and will reasonably cooperate with Boeing in the conduct of investigations and tests which may be required. Boeing will promptly advise Customer in writing at the conclusion of its investigation of Boeing's opinion as to the causes of the Interface Problem and Boeing's recommendation as to corrective action.

2. Boeing Responsibility.

If Boeing determines that the Interface Problem is primarily attributable to the design of any Boeing Product, Boeing will Correct the design of such item to the extent of any then-existing obligations of Boeing under the provisions of the applicable Boeing warranty or Boeing Service Life Policy.

3. Supplier Responsibility.

If Boeing determines that the Interface Problem is primarily attributable to the design of an item not manufactured to Boeing's detailed design, Boeing will reasonably assist Customer in processing a warranty claim against the Supplier of the item. Boeing will also take whatever reasonable action is permitted by its contracts with such Supplier in an effort to obtain a correction of the Interface Problem acceptable to Customer. If the Supplier fails within a reasonable period of time to take appropriate action on Boeing's recommendation as to the necessary corrective action and Customer submits to Boeing, within a reasonable period of time, proof of such failure, then Boeing shall take action in accordance with the provisions of the Supplier Warranty Commitments (Part 4 to this Product Assurance Document).

4. Joint Responsibility.

If Boeing determines that the Interface Problem is partially attributable to the design of a Boeing Product and partially attributable to a Supplier Product, Boeing will promptly seek a solution to the Interface Problem through the cooperative efforts of Boeing and the Supplier of the other item and will promptly advise Customer of such corrective actions as may be proposed by Boeing and such Supplier; such proposal to be consistent with any then existing obligations of Boeing and such Supplier. If such proposal is acceptable to Customer, the proposed action shall be taken.

5. General.

Customer will, if requested by Boeing, assign to Boeing subject to mutually agreed terms, any of its rights against any supplier as Boeing may reasonably require to fulfill its obligations under this Boeing Interface Commitment.

6. Disclaimer and Release; Exclusion of Liabilities.

This Part 5 and the rights and remedies of Customer and the obligations of Boeing herein are subject to the DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions of Section 11 of Part 2 of this Product Assurance Document.

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PRODUCT ASSURANCE DOCUMENT

PART 6: BOEING INDEMNITIES AGAINST PATENT
AND COPYRIGHT INFRINGEMENT

1. Indemnity Against Patent Infringement.

Subject to the exceptions, limitations and conditions set forth in this Part 6, Boeing will indemnify Customer with respect to all claims, suits and liabilities arising out of any actual or alleged patent infringement through its use, lease or resale of any Aircraft or any Boeing Product installed on an Aircraft at delivery.

2. Indemnity Against Copyright Infringement.

Subject to the exceptions, limitations and conditions set forth in this Part 6, Boeing will indemnify Customer with respect to all claims, suits and liabilities arising out of any actual or alleged copyright infringement through its use, lease or resale of any computer software installed on an Aircraft at delivery.

3. Exceptions, Limitations and Conditions.

3.1 Boeing's obligation to indemnify Customer for patent infringement will extend only to infringements in countries which, at the time of the infringement, were party to and fully bound by either (a) Article 27 of Chicago Convention on International Civil Aviation of December 7, 1944, or (b) the International Convention for the Protection of Industrial Property (Paris Convention).

3.2 Boeing's obligation to indemnify Customer for copyright infringement is limited to infringements in countries which, at the time of the infringement, are members of The Berne Union and recognize computer software as a "work" under The Berne Convention.

3.3 The indemnities provided under this Part 6 will not apply to BFE, Engines, any system, accessory, equipment, Part or software (i) not manufactured to Boeing's detailed design; (ii) manufactured to Boeing's detailed design without Boeing's authorization; or (iii) used other than for its intended purpose.

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3.4 Customer must deliver written notice to Boeing (i) within 10 days after Customer first receives written notice of any suit or other formal action against Customer and (ii) within 20 days after Customer first receives any written allegation or written claim of infringement covered by this Part 6. Notwithstanding the preceding sentence, failure to so notify Boeing shall not relieve it of any liability that it may have to Customer except to the extent that Boeing demonstrates that the defense of such action or claim is prejudiced thereby.

3.5 In the event that such action or claim shall be brought, Boeing may, at any stage in the proceedings and at its option and expense following prior written notice to Customer: (i) negotiate with any party claiming infringement (ii) intervene in any infringement suit or action covered by this indemnity, (iii) assume or control the defense of any infringement suit or action covered by this indemnity, and/or (iv) attempt to resolve any claim of infringement covered by these indemnities by replacing the allegedly infringing Aircraft or any Boeing Product installed on an Aircraft at delivery (or replacement part provided by Boeing thereafter under this Purchase Agreement) or any computer software installed on an Aircraft at delivery (or replacement computer software provided by Boeing thereafter under this Purchase Agreement) with a noninfringing equivalent.

3.6 Customer will use best reasonable efforts to promptly furnish to Boeing all data, records and assistance within its possession or control which Boeing considers relevant or material to any alleged infringement covered by this Part 6.

3.7 Except as required by a final judgment entered against Customer by a court of competent jurisdiction from which no appeals can be or have been filed, Customer will obtain Boeing's written approval prior to paying, committing to pay, assuming any obligation or making any material concession relative to any infringement covered by these indemnities.

3.8 BOEING WILL HAVE NO OBLIGATION OR LIABILITY UNDER THIS PART 6 FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES. THE OBLIGATIONS OF BOEING AND REMEDIES OF CUSTOMER STATED IN THIS PART 6 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER INDEMNITIES, OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF CUSTOMER AGAINST BOEING OR ANY ASSIGNEE OF BOEING, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY ACTUAL OR ALLEGED PATENT, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY INFRINGEMENT OR THE LIKE BY ANY AIRCRAFT OR ANY SYSTEM, ACCESSORY, EQUIPMENT, PART OR SOFTWARE RELATED TO ANY AIRCRAFT.

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3.9 For the purposes of this Part 6, "BOEING" or "Boeing" is defined as The Boeing Company, its divisions, wholly owned subsidiaries, the permitted assignees of each and their respective directors, officers, employees and agents.

3.10 For the purposes of this Part 6, "Customer" is defined as American Airlines, Inc., its divisions, wholly owned subsidiaries, the permitted assignees of each and their respective directors, officers, employees and agents.

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EXHIBIT D

TO

AIRCRAFT GENERAL TERMS AGREEMENT NO. AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

AIRFRAME ESCALATION ADJUSTMENT DOCUMENT

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EXHIBIT D

AIRFRAME ESCALATION ADJUSTMENT DOCUMENT

1. Formula.

The Escalation Adjustment to the Airframe Price and the Optional Features Price will be determined at the time of delivery of an Aircraft in accordance with the following formula:

$$P_a = (P(o))(L + M - 1)$$

Where:

P_a = Escalation Adjustment to the Airframe Price and the Optional Features Price. (For Model 737-600, 737-700 and 737-800, the Airframe Price includes the Engine Price.)

$P(o)$ = Airframe Price and Optional Features Price (as set forth in the Purchase Agreement).

$$L = .65 \times \frac{ECI(n)}{ECI(o)}$$

In determining the value of L, the ratio of ECI(n) divided by ECI(o) shall be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by 0.65, with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

$$M = .35 \times \frac{ICI(n)}{ICI(o)}$$

In determining the value of M, the ratio of ICI(n) divided by ICI(o) shall be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by 0.35, with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

ECI(n) = the three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) of the "Employment Cost Index for Workers in Aerospace Manufacturing" (ECI code 3721, base year 1989 = 100), as

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released by the U.S. Department of Labor, Bureau of Labor Statistics for the fifth, sixth and seventh months prior to the Scheduled Delivery Month of the applicable Aircraft. As the Employment Cost Index values are only released on a quarterly basis, the value released for the month of March will be used for the months of January and February; the value for June used for April and May; the value for September used for July and August; and the value for December used for October and November.

- ECI(o) = the value specified in Table 1 to the Purchase Agreement, which value is equal to the three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) of the "Employment Cost Index for Workers in Aerospace Manufacturing" (ECI code 3721), as released by the U.S. Department of Labor, Bureau of Labor Statistics for the fifth, sixth and seventh months prior to the month and year specified as "Price Base Year" in Table 1 of the Purchase Agreement. As the Employment Cost Index values are only released on a quarterly basis, the value released for the month of March will be used for the months of January and February; the value for June used for April and May; the value for September used for July and August; and the value for December used for October and November.
- ICI(n) = the three-month arithmetic average (expressed as a decimal and rounded to the nearest tenth) of the "Producer Prices and Price Index" of the Industrial Commodities Index (base year 1982 = 100), as released by the U.S. Department of Labor, Bureau of Labor Statistics, for the fifth, sixth and seventh months prior to the Scheduled Delivery Month of the applicable Aircraft.
- ICI(o) = the value specified in Table 1 to the Purchase Agreement, which value is equal to the three-month arithmetic average (expressed as a decimal and rounded to the nearest tenth) of the "Producer Prices and Price Index" of the Industrial Commodities Index, as released by the U.S. Department of Labor, Bureau of Labor Statistics, for the fifth, sixth and seventh months prior to the month and year specified as "Price Base Year" in Table 1 of the Purchase Agreement.

- Note:
- i. As an example, with respect to ECI(n) and ICI(n) above, for an Aircraft having a Scheduled Delivery Month of January, the months June, July and August of the preceding year will be utilized in determining the value of ECI(n) and ICI(n).
 - ii. .65 is the numeric ratio attributed to labor in the formula for the Escalation Adjustment to the Airframe Price and the Optional Features Price.
 - iii. .35 is the numeric ratio attributed to materials in the formula for the Escalation Adjustment to the Airframe Price and the Optional Features Price.

2. Values to be Utilized in the Event of Unavailability or Revision of Methodology.

2.1 If, prior to the delivery of an Aircraft, the Bureau of Labor Statistics substantially revises the methodology used for the determination of the indices to be used to determine the ECI and ICI values (in contrast to benchmark adjustments or other corrections of previously released indices), or for any reason has not released indices needed to determine the applicable Escalation Adjustment to the Airframe Price and the Optional Features Price, the parties will, prior to the delivery of such Aircraft, select a substitute index from other Bureau of Labor Statistics data or similar data reported by non-governmental organizations. Such substitute index will result in the same adjustment, insofar as possible, as would have been achieved by continuing to use the original index as such index may have fluctuated during the applicable time period had such index not been discontinued or revised. However, if within 24 months from delivery of the Aircraft, the Bureau of Labor Statistics should resume releasing indices without a revision in methodology for the months needed to determine the Escalation Adjustment to the Airframe Price and the Optional Features Price, such indices will be used to determine any increase or decrease in the Escalation Adjustment to the Airframe Price and the Optional Features Price for the Aircraft from that determined at the time of delivery of the Aircraft.

2.2 Notwithstanding Section 2.1 above, if prior to the Scheduled Delivery Month of an Aircraft, the Bureau of Labor Statistics changes the base year for determination of the ECI and ICI values as defined above, such rebased values will be incorporated in the Escalation Adjustment calculation.

2.3 In the event escalation provisions are made non-enforceable or otherwise rendered void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Aircraft Price of any affected Aircraft to reflect an allowance for increases or decreases in labor compensation and material costs occurring since February 1995, which is consistent with the applicable provisions of Section 1 of this Exhibit D.

2.4 Boeing will submit either a supplemental invoice or refund the amounts due Customer as appropriate to reflect any increase or decrease in the Escalation

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Adjustment for an Aircraft made pursuant to Section 2.1 above. Any payments due to Boeing or Customer shall be made with reasonable promptness.

Note: i. The indices, released by the Bureau of Labor Statistics and available to Boeing 30 days prior to the Scheduled Delivery Month of an Aircraft, will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Escalation Adjustment for the Aircraft invoice at the time of delivery. The values will be considered final and no increase or decrease in the Escalation Adjustment for an Aircraft will be made after Aircraft delivery for any subsequent changes in published indices.

ii. Any rounding of all numbers under this Exhibit D with respect to calculating the Escalation Adjustment shall be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, then the preceding digit shall be raised to the next higher number.

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AGTA-AAL

SAMPLE INSURANCE CERTIFICATE (CUSTOMER)

=====
BROKER'S LETTERHEAD
=====

[date]

Certificate of Insurance Ref. No. -----

THIS IS TO CERTIFY TO:

The Boeing Company
Post Office Box 3707
Mail Stop 13-57
Seattle, Washington 98124
Attn: Manager - Aviation Insurance for
Vice President - Employee Benefits,
Insurance and Taxes

CC: Boeing Commercial Airplane Group
P.O. Box 3707
Mail Stop 75-38
Seattle, Washington 98124-2207
Attn: Vice President - Contracts

that Insurers, EACH FOR HIS OWN PART AND NOT ONE FOR THE OTHER, are providing
the following insurance:

NAMED INSURED: AMERICAN AIRLINES, INC.
ADDRESS OF INSURED: P.O. BOX 619616
DALLAS/FT. WORTH AIRPORT, TX 75261-9616
PERIOD OF INSURANCE: SEE ATTACHED SCHEDULE OF INSURERS
GEOGRAPHICAL LIMITS: WORLDWIDE
EQUIPMENT INSURED: ALL BOEING [MODEL] [TYPE] AIRCRAFT OWNED OR OPERATED BY
AMERICAN THAT ARE THE SUBJECT OF THAT CERTAIN PURCHASE
AGREEMENT NO. _____ DATED _____, 1997 BETWEEN
AMERICAN AND BOEING, AS MORE PARTICULARLY DESCRIBED ON
THE ATTACHED SCHEDULE OF AIRCRAFT, AS SUCH SCHEDULE MAY
BE AMENDED FROM TIME TO TIME.

DESCRIPTION OF COVERAGES

A. AIRCRAFT HULL INSURANCE	All risks of ground and flight physical damage coverage in respect of all aircraft owned by, leased to or operated by the Named Insured, including the Aircraft and any engines (including the Engines) and any parts (including the Parts) while attached to any such Aircraft or removed therefrom but not replaced, subject to policy terms, conditions, limitations, exclusions and deductibles.
AMOUNT OF INSURANCE:	Agreed Value (as per Policy terms and conditions).
B. AIRCRAFT LIABILITY INSURANCE	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
LIMIT OF LIABILITY:	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

SPECIAL PROVISIONS APPLICABLE TO THE ADDRESSEE(S)

Subject to the policy terms, conditions, limitations, exclusions and deductibles and solely with respect to Purchase Agreement No. _____ dated as of _____, 1997 (the "Purchase Agreement") between American and The Boeing Company ("Boeing"), the policies set forth in the attached Schedule of Insurers are amended to include the following:

1. Solely with respect to Aircraft Liability Insurance, Boeing is included as an additional Insured, but only to the extent that American is obligated by its agreements to indemnify and hold harmless Boeing under Section 8.2.1 of the Aircraft General Terms Agreement, AGTA-AAL, applicable to the Purchase Agreement and then only to the extent of coverage provided by the policy;
2. Solely with respect to Aircraft Hull Insurance, each Insurer agrees to waive any rights of subrogation against Boeing to the extent that American has waived such rights by the terms of its agreements to indemnify Boeing pursuant to the Purchase Agreement;
3. Solely with respect to Aircraft Liability Insurance, to the extent Boeing is insured hereunder, such insurance shall not be invalidated or minimized by any action or inaction, omission or misrepresentation by the Insured regardless of any breach or violation of any warranty, declaration or condition contained in such policies;
4. Solely with respect to Aircraft Liability Insurance, to provide that all provisions of the insurance coverages referenced above, except the limits of liability, will operate to give each Insured or additional insured the same protection as if there were a separate Policy issue to each;
5. Solely with respect to Aircraft Liability Insurance, such insurance will be primary and not contributory nor excess with respect to any other insurance available for the protection of Boeing, but only to the extent that American is obligated by its agreements to indemnify and hold harmless Boeing under Section 8.2.1 of the Aircraft General Terms Agreement, AGTA-AAL, applicable to the Purchase Agreement and then only to the extent of coverage provided by the policy;
6. Each of the Aircraft Liability Insurance policy and Aircraft Hull Insurance policy provides that: Boeing shall not have any obligation or liability for premiums, commissions, calls or assessments in connection with such insurance;
7. With respect to the Aircraft Liability Insurance, if a policy is canceled for any reason whatsoever, any substantial change is made which would reduce the amount of coverage as certified herein, or if a policy is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to Boeing for thirty (30) days after receipt by Boeing of written notice from the

Insurers or their authorized representatives or Broker of such cancellation, change or lapse; and

8. For the purposes of the Certificate, "Boeing" is defined as The Boeing Company, its divisions, any wholly-owned subsidiary of The Boeing Company which is assigned any rights or obligations in accordance with Article 9.1 of the AGTA, the assignees of each permitted under the applicable Purchase Agreement, provided that such assignees or subsidiaries have performed services under Exhibit B to the AGTA and Supplemental Exhibit CS1 to the Purchase Agreement, and their respective directors, officers and employees."

AMR CORPORATION, AMERICAN AIRLINES, INC.,
AND ALL THEIR SUBSIDIARIES

SCHEDULE OF SUBSCRIBING INSURERS
POLICY TERM: DECEMBER 1, 1996 TO DECEMBER 1, 1997

COVERAGES:

Aircraft Hull and Liability Insurance

SUBSCRIBING INSURERS FOR 100% PARTICIPATION

POLICY
NUMBER

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligation.

Subject to the terms, conditions, limitations and exclusions of the relative policies except for the specific declarations contained in this certificate.

(signature)

(typed name)

(title)

PURCHASE AGREEMENT ASSIGNMENT

This PURCHASE AGREEMENT ASSIGNMENT (this "Assignment"), dated as of [_____, ____], is between AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and permitted assigns, the "Assignor"), and [_____, ____], a [_____] corporation (the "Assignee").

W I T N E S S E T H :

WHEREAS, the Assignor and the Manufacturer (as hereinafter defined) are parties to the Purchase Agreement (as hereinafter defined), providing, among other things, for the manufacture and sale by the Manufacturer to the Assignor of certain aircraft, engines and related equipment, including the Aircraft (as hereinafter defined) covered by the Participation Agreement (as hereinafter defined); and

WHEREAS, the Assignee wishes to acquire title to the Aircraft from the Assignor, and the Assignor, on the terms and conditions hereinafter set forth, is willing to assign to the Assignee certain of the Assignor's rights in and interests under the Purchase Agreement, and the Assignee is willing to accept such assignment as hereinafter set forth; and

WHEREAS, such acquisition and assignment are intended to permit consummation of the transactions contemplated by the Participation Agreement; and

WHEREAS, the Manufacturer is willing to execute and deliver to the Assignee a Consent and Agreement (the "Consent and Agreement") to the provisions hereof in substantially the form of Annex A hereto;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. For all purposes of this Assignment, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

"Aircraft" shall mean the Boeing [model] [type] aircraft, bearing United States registration number [N], delivered or to be delivered under the Purchase Agreement, including the aircraft engines installed on such aircraft on the date of delivery thereof pursuant to the Purchase Agreement.

"Lease" shall mean the Lease Agreement, dated as of [_____, ____], between the Assignor, as lessee, and the Assignee, as lessor, as the same may be amended, modified or supplemented in accordance with the terms of the Operative Documents.

"Manufacturer" shall mean The Boeing Company, a Delaware corporation, and its successors and assigns.

"Participation Agreement" shall mean the Participation Agreement, dated as of [_____, ____], between the Security Trustee, the Lenders, the Assignor and the Assignee, as the same may be amended, modified or supplemented from time to time in accordance with the terms of the Operative Documents.

"Purchase Agreement" shall mean Purchase Agreement No. [____], dated as of [_____, ____], between the Manufacturer and the Assignor (as heretofore amended, modified and supplemented), providing, among other things, for the manufacture and sale by the Manufacturer to the Assignor of Boeing Model [model] [type] aircraft, as the same may hereafter be amended, modified or supplemented to the extent permitted by the terms of this Assignment and the Mortgage, and including, without limitation, as part thereof, the exhibits thereto.

All other terms used herein in capitalized form without definition shall, when used herein, have the meanings specified in Appendix A to the Lease.

2. The Assignor has assigned, transferred and set over and does hereby assign, transfer and set over unto the Assignee all the Assignor's rights in and interests under the Purchase Agreement as and to the extent that the same relate to the Aircraft and the purchase and operation thereof and in and to the Manufacturer's Warranty Bill of Sale, except to the extent reserved below, including, without limitation, in such assignment (a) all claims for damages in respect of the Aircraft arising as a result of any default by the Manufacturer under the Purchase Agreement or under its warranty included in the Manufacturer's Warranty Bill of Sale, and (b) any and all rights of the Assignor to compel performance of the terms of the Purchase Agreement in respect of the Aircraft; reserving to the Assignor, however, (i) the right to purchase and take title to the Aircraft pursuant to the Purchase Agreement, (ii) all the Assignor's rights and interests in and to the Purchase Agreement as and to the extent that the Purchase Agreement relates to aircraft other than the Aircraft and the purchase and operation of such aircraft and to the extent that it relates to any other matters not directly pertaining to the Aircraft, (iii) all the Assignor's rights and interests in or arising out of any payments made or to be made by the Assignor in respect of the Aircraft under the Purchase Agreement or amounts credited or to be credited by the Manufacturer to the Assignor in respect of the Aircraft or otherwise, (iv) the right to demand, accept and retain all rights in and to all property (other than the Aircraft), data, documents, software, training, services, tools, and other things that the Manufacturer is obligated to provide or does provide pursuant to the Purchase Agreement, (v) all rights in respect of parts covered by the [Spare Parts General Terms Agreement No. ____] between the Manufacturer and the Assignor (as heretofore or from time to time hereafter amended, modified or supplemented) relating to the Purchase Agreement, (vi) the right to maintain representatives at the Manufacturer's assembly plant or delivery center pursuant to the Purchase Agreement, and (vii) the additional rights set forth in any Letter Agreements or Purchase Agreement Supplements (as such terms are used in the Purchase Agreement), as at any time amended, modified or supplemented, to

the Purchase Agreement. The Assignee hereby accepts the foregoing assignment subject to the terms hereof.

Notwithstanding the foregoing, with respect to the Aircraft, if and so long as the Assignee shall not have declared the Lease to be in default or the Lease shall not have been deemed to have been declared in default pursuant to Section [] thereof, and after such declaration or deemed declaration, as the case may be, if and so long as all Events of Default shall have been remedied by the Assignor, the Assignee authorizes the Assignor, to the exclusion of the Assignee, to exercise in the Assignor's name all rights and powers of the "Customer" under the Purchase Agreement and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity, or resulting from any refund, damages or other claims under the Purchase Agreement in respect of the Aircraft, except that the Assignor may not enter into any change order or other amendment, modification or supplement to the Purchase Agreement without the written consent or countersignature of the Assignee if such change order, amendment, modification or supplement would result in any rescission, cancellation or termination of the Purchase Agreement in respect of the Aircraft. Any payments or amounts that, pursuant to the preceding sentence, would have been required to be paid to the Assignor by the Manufacturer but for the existence of an Event of Default (and that have been paid to the Assignee by the Manufacturer) shall be held by the Assignee pursuant to Section [] of the Lease or applied as otherwise provided in the Lease and shall be paid over to the Assignor at the earlier of (a) such time as there shall not be existing any Event of Default, and to the extent not used to cure any existing Event of Default, and (b) [_____] days after the Assignee's receipt of such payment, during which period the Assignee shall not have been limited by operation of law or otherwise from exercising remedies under the Lease and shall not have commenced to exercise any remedy available to it under Section [] of the Lease.

Each of the Assignor and the Assignee agrees with the other and expressly for the benefit of the Manufacturer that, for all purposes of this Assignment, the Manufacturer shall not be deemed to have knowledge of, and need not recognize, any Event of Default unless and until the Manufacturer shall have received from the Assignee written notice thereof addressed to the Manufacturer's Vice President, Contracts, at P.O. Box 3707, MS 75-38, Seattle, Washington 98124, telex: 32-9430, answerback: BOEINGREN RNTN, and, in acting in accordance with the terms of the Purchase Agreement and this Assignment, the Manufacturer may act with acquittance and conclusively rely upon any such notice.

3. Each of the Assignor and the Assignee agrees with the other and expressly for the benefit of the Manufacturer that, anything herein contained to the contrary notwithstanding: (a) the Assignor shall at all times remain liable to the Manufacturer under the Purchase Agreement to perform all the duties and obligations of the "Customer" thereunder to the same extent as if this Assignment had not been executed; and (b) the exercise by the Assignee of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations to the Manufacturer under the Purchase Agreement except to the extent that such exercise by the Assignee

shall constitute performance of such duties and obligations. It is expressly agreed that, except as provided in the next succeeding paragraph, none of the Assignee, the Security Trustee or any Lender shall have any obligation or liability under the Purchase Agreement by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of the Assignor under the Purchase Agreement or to make any payment or to make any inquiry as to the sufficiency of any payment received by any of them or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

Without in any way releasing the Assignor from any of its duties or obligations under the Purchase Agreement, the Assignee expressly confirms for the benefit of the Manufacturer that, insofar as the provisions of the Purchase Agreement relate to the Aircraft, in exercising any rights under the Purchase Agreement, or in making any claim with respect to the Aircraft or any other things delivered or to be delivered pursuant to the Purchase Agreement, the terms and conditions of the Purchase Agreement, including, without limitation, the disclaimer and release and exclusion of liabilities provisions in the Product Assurance Document and the insurance and indemnity provisions in Section 8.2 of the AGTA (as such term is used in the Purchase Agreement), shall apply to, and be binding upon, the Assignee to the same extent as the Assignor; provided, however, that nothing contained in this Assignment shall in any way diminish or limit the provisions of the Assignor's indemnities in Section [] of the Participation Agreement with respect to any liability of the Assignee or the Security Trustee to the Manufacturer in any way relating to or arising out of the Purchase Agreement. Assignee further agrees, expressly for the benefit of the Manufacturer, that at any time and from time to time upon the written request of the Manufacturer, the Assignee shall promptly and duly execute and deliver any and all such further assurances, instruments and documents and take all such further action as the Manufacturer may reasonably request in order to obtain the full benefits of the Assignee's agreements set forth in this paragraph.

Nothing contained herein shall subject the Manufacturer to any liability to which it would not otherwise be subject under the Purchase Agreement or modify in any respect the contract rights of the Manufacturer thereunder (except as provided in the attached Consent and Agreement).

The Assignor does hereby constitute, effective at any time after the Assignee has declared the Lease to be in default or after the Lease shall have been deemed to have been declared in default pursuant to Section [] thereof, and thereafter so long as any Event of Default shall be continuing, the Assignee and its successors and permitted assigns as the Assignor's true and lawful attorney, irrevocably, with full power (in the name of the Assignor or otherwise) to ask for, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due and to become due under, or arising out of, the Purchase Agreement in respect of the Aircraft, to the extent that the same have been assigned as provided in this Assignment and, for such period as the Assignee may exercise rights with respect thereto under this Assignment, to endorse any checks or other instruments or orders in connection therewith and to file any

claims or take any actions or institute (or, if previously commenced, assume control of) any proceedings and to obtain any recovery in connection therewith which the Assignee may deem to be necessary or advisable in the premises.

4. The Assignor and the Assignee each agree that at any time and from time to time, upon the written request of the other, it will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the other may reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

5. The Assignor does hereby represent and warrant that the Purchase Agreement, insofar as it relates to the Aircraft, is in full force and effect and is a legal, valid and binding obligation of the Assignor enforceable against the Assignor in accordance with its terms and that the Assignor is not in default thereunder. The Assignor does hereby further represent and warrant that the Assignor has not assigned or pledged, and hereby covenants that it will not assign or pledge so long as this Assignment shall remain in effect, the whole or any part of the rights hereby assigned or any of its rights with respect to the Aircraft under the Purchase Agreement not assigned hereby, to anyone other than the Assignee.

6. The Assignee agrees that it will not enter into any agreement that would amend, modify, supplement, rescind, cancel or terminate the Purchase Agreement in any respect without the prior written consent of the Assignor.

7. This Assignment is executed by the Assignor and the Assignee concurrently with the execution and delivery of the Participation Agreement and the Lease.

8. The Assignee agrees that it will not disclose to any third party the terms of the Purchase Agreement or this Assignment, except (i) to the other parties to the Participation Agreement or their successors and permitted assigns, (ii) to [parent corporation of Assignee], (iii) as required by applicable law, governmental regulation or judicial process, provided Assignee furnishes the Manufacturer with prompt written notice and affords the Manufacturer reasonable opportunity to obtain a protective order or other reasonably satisfactory assurance that confidential treatment will be accorded the information required to be disclosed, (iv) with the consent of the Assignor and the Manufacturer, (v) to counsel to any of the parties to the Participation Agreement or any other Lender or [parent corporation of Assignee], (vi) to bank examiners and auditors of any of the parties to the Participation Agreement or their successors and permitted assigns, (vii) in connection with any sale of any interest in the Aircraft effectuated pursuant to the exercise of remedies under Section [] of the Lease or (viii) to any Person with whom any Lender or any [investor in Assignee] is in good faith conducting negotiations relating to the possible transfer and sale of its interest in the transactions contemplated by the Operative Documents, if such Person shall have entered into an agreement similar to that contained in this Section 8 whereby such Person agrees for the express benefit of the Assignor and the Manufacturer to hold such information

confidential. Any disclosure as contemplated by clauses (i), (ii), (v), (vi) and (vii) of the preceding sentence shall be subject to the requirement that the entity to which such information is disclosed shall be subject to obligations of nondisclosure with respect to such information substantially the same as contained herein.

9. Pursuant to the Mortgage, the Assignee has assigned to and pledged with the Security Trustee all the rights and interest of the Assignee in and under the Purchase Agreement to the extent assigned by this Assignment.

10. This Assignment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

11. THIS ASSIGNMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

12. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

13. All notices with respect to the matters contained herein shall be delivered in the manner and to the addresses provided in Section [____] of the Participation Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement Assignment to be duly executed as of the day and year first above written.

AMERICAN AIRLINES, INC.

By -----

Name:
Title:

[name of ASSIGNOR]

By -----

Name:
Title:

The undersigned, as Security Trustee for the benefit of the Lenders and as assignee of, and holder of a security interest in, the rights and interest of the Assignee in and under the Purchase Agreement and the foregoing Purchase Agreement Assignment, agrees that its rights and remedies thereunder shall be governed by the foregoing Purchase Agreement Assignment, including, without limitation, the second paragraph of Section 3 of the Purchase Agreement Assignment.

[name of Security Trustee], not in its individual capacity, except as expressly provided herein, but solely as Security Trustee

By _____
Name:
Title:

CONSENT AND AGREEMENT

N[]; MSN []

The undersigned, The Boeing Company, a Delaware corporation, hereby acknowledges notice of and consents to the terms of the foregoing Purchase Agreement Assignment (herein called the "Assignment", the defined terms therein being used hereinafter with the same meaning), and hereby confirms to the Assignee that:

(i). all representations, warranties, indemnities, and agreements of the Manufacturer under the Purchase Agreement with respect to the Aircraft and the warranty of the Manufacturer included in the Manufacturer's Warranty Bill of Sale shall, subject to the terms and conditions thereof, inure to the benefit of the Assignee to the same extent as if originally named the "Customer" therein, except as provided in Section 2 of the Assignment;

(ii). neither the Assignee, the Security Trustee nor any Lender shall be liable for any of the obligations or duties of the Assignor under the Purchase Agreement, nor shall the Assignment give rise to any duties or obligations whatsoever on the part of the Assignee, the Security Trustee or any Lender owing to the Manufacturer, except for the agreements of the Assignee and the Security Trustee in the Assignment to the effect that, in exercising any rights under the Purchase Agreement or making any claim with respect to the Aircraft or any other things delivered or to be delivered pursuant to the Purchase Agreement, the terms and conditions of the Purchase Agreement, including, without limitation, the disclaimer and release and exclusion of liabilities provisions in the Product Assurance Document and the insurance and indemnity provisions in Section 8.2 of the AGTA (as such term is used in the Purchase Agreement), shall apply to, and be binding upon, the Assignee and the Security Trustee to the same extent as the Assignor;

(iii). the Manufacturer consents to: [(w) the execution by the Assignor and the Assignee of the Participation Agreement, and the sale of the Aircraft by the Assignor to the Assignee under the Participation Agreement; (x) the execution by the Assignor and the Assignee of the Lease, and the lease of the Aircraft by the Assignee to the Assignor under the Lease;] (y) the mortgage of all of the Assignee's right, title and interest in and to the Purchase Agreement and the Aircraft by the Assignee pursuant to the Mortgage to the Security Trustee for the benefit of the Lenders; and (z) the assignment by the Assignee of its rights under the Assignment to the Security Trustee pursuant to the Mortgage, and agrees that each of the Assignment and the Mortgage constitutes an agreement by the Assignee as required by Section 9.2 of the AGTA; and

(iv). the Manufacturer will continue to pay to the Assignor all payments that the Manufacturer may be required to make in respect of the Aircraft under the

Purchase Agreement, unless and until the Manufacturer shall have received from the Assignee written notice addressed to the Manufacturer's Vice President, Contracts at P.O. Box 3707, MS 75-38, Seattle, Washington 98124, telex: 32-9430, answerback: BOEINGREN RNTN, that the Lease has been declared to be in default or deemed to have been declared in default pursuant to Section [____] thereof and that such default is continuing, whereupon the Manufacturer will make any and all payments that it may be required thereafter to make under the Purchase Agreement in respect of the Aircraft (to the extent that the right to receive such payments has been assigned under the Assignment or the Mortgage), directly to the Security Trustee at its address at [address of Security Trustee] or, after receiving written notice from the Security Trustee that the Lien of the Mortgage has been released, to the Assignee at such address as the Assignee may specify, unless and until the Manufacturer shall have received from the Assignee notice addressed as aforesaid, that no Event of Default is continuing, whereupon the Manufacturer will make all such payments that the Manufacturer may be required to make thereafter in respect of the Aircraft under the Purchase Agreement to the Assignor.

The Manufacturer hereby represents and warrants that: (A) the Manufacturer is a corporation duly organized and existing in good standing under the laws of the State of Delaware; (B) the making and performance of the Purchase Agreement and this Consent and Agreement have been duly authorized by all necessary corporate action on the part of the Manufacturer, do not require any stockholder approval and do not contravene the Manufacturer's certificate of incorporation or by-laws or any indenture, credit agreement or other contractual agreement to which the Manufacturer is a party or by which it is bound; (C) the making and performance of this Consent and Agreement do not contravene any law binding on the Manufacturer; and (D) the Purchase Agreement constituted as of the date thereof and at all times thereafter to and including the date of this Consent and Agreement, and constitutes as of the date hereof, a binding obligation of the Manufacturer enforceable against the Manufacturer in accordance with its terms, and this Consent and Agreement is a binding obligation of the Manufacturer enforceable against the Manufacturer in accordance with its terms, in each case subject to (i) the limitation of applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). It is understood that the execution by the Manufacturer of this Consent and Agreement is subject to the condition that, concurrently with the delivery of the Aircraft to the Assignee, the Assignee shall lease the Aircraft to the Assignor under the Lease.

The Consent and Agreement shall in all respects be governed by
and construed in accordance with the laws of the State of Washington, including
all matters of construction, validity and performance.

Dated as of _____, _____.

THE BOEING COMPANY

By: _____
Name: _____
Title: _____

Manufacturer's Serial Number: _____

MANUFACTURER'S CONSENT AND AGREEMENT TO
ASSIGNMENT OF WARRANTIES

Reference is made to (i) Purchase Agreement No. [____], dated as of [____], 1997 (as amended, modified and supplemented, the "Purchase Agreement") between THE BOEING COMPANY, a Delaware corporation (the "Manufacturer"), and AMERICAN AIRLINES, INC., a Delaware corporation ("American"), and (ii) the Boeing [model] [type] aircraft bearing Manufacturer's serial number [____] and U.S. Registration No. N[____] (the "Aircraft"). The Manufacturer hereby acknowledges notice of and consents to the assignment (the "Warranty Assignment") by American to [____], as Security Trustee (the "Security Trustee") under that certain Aircraft Security Agreement dated as of [____, ____] (the "Security Agreement"; capitalized terms used herein without definition have the meanings specified therefor in the Security Agreement), between American and the Security Trustee, of all right, title and interest of American in, to and under (i) Parts 1, 2, 3, 4 and 6 of Exhibit C to the Purchase Agreement, but only to the extent that the same relate to continuing rights of American in respect of any warranty or indemnity, express or implied, as to title, materials, workmanship or design with respect to the Airframe or the Engines (the "Warranty Rights") and (ii) the Warranty Bill of Sale. The Manufacturer hereby confirms that:

(i) all obligations of the Manufacturer contained in the Warranty Rights, the FAA Bill of Sale and the Warranty Bill of Sale, together with all rights, powers, privileges, options and other benefits of American under the same with respect to such warranties or indemnities, shall, subject to the terms and conditions thereof, inure to the benefit of the Security Trustee under the Security Agreement to the extent provided therein to the same extent as if the Security Trustee had originally been named the "Customer" in the Purchase Agreement; and

(ii) except as otherwise provided herein, neither the Security Trustee nor any Lender shall be liable, by virtue of the Warranty Assignment, for any of the obligations or duties of the Customer under the Purchase Agreement, nor shall the Warranty Assignment give rise to any duties or obligations whatsoever on the part of the Security Trustee or any Lender owing to the Manufacturer or to make any payment or to make any inquiry as to the sufficiency of any payment received by any of them or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

Anything contained herein, in the Security Agreement or in any other document to the contrary notwithstanding, the Manufacturer's consent and agreements hereunder are expressly conditioned on the following: (i) American shall at all times

remain liable to the Manufacturer under the Purchase Agreement to perform all the duties and obligations of the "Customer" thereunder to the same extent as if this Manufacturer's Consent had not been executed; (ii) until the receipt from the Security Trustee of written notice addressed to the Manufacturer's Vice President - Contracts, at P.O. Box 3707, MS 75-38, Seattle, Washington 98124 (Telex: 32-9430, Answer back: BOEINGREN RNTN), that an Event of Default (as defined in the Security Agreement) has been declared and is continuing, the Manufacturer shall perform its duties and obligations under Parts 1, 2, 3, 4 and 6 of Exhibit C to the Purchase Agreement with respect to the Aircraft exclusively at the direction of American, and after the receipt of such notice, the Manufacturer shall make any and all payments which it may be required thereafter to make under the Purchase Agreement in respect of the Aircraft (to the extent that the right to receive such payments has been assigned under the Security Agreement), directly to the Security Trustee at its address at [address of Security Trustee], Attention: Corporate Trust Department, unless and until the Manufacturer shall have received from the Security Trustee notice addressed as aforesaid, that no Event of Default is continuing, whereupon the Manufacturer will make all such payments which the Manufacturer may be required to make thereafter in respect of the Aircraft under the Purchase Agreement to American; (iii) the exercise by the Security Trustee of any of the rights assigned hereunder shall not release American from any of its duties or obligations to the Manufacturer under the Purchase Agreement except to the extent that such exercise by the Security Trustee shall constitute performance of such duties and obligations; and (iv) without in any way releasing American from any of its duties or obligations under the Purchase Agreement, it is understood that the Security Trustee agrees for the benefit of the Manufacturer that, insofar as the provisions of the Purchase Agreement relate to the Aircraft, in exercising any rights under the Warranty Rights, or in making any claim with respect to the Aircraft thereunder or any other things delivered or to be delivered pursuant thereto, the terms and conditions of the Purchase Agreement, including, without limitation, the disclaimer and release and exclusion of liabilities provisions in the Product Assurance Document and the insurance and indemnity provisions in Section 8.2 of the AGTA (as defined in the Purchase Agreement), shall apply to, and be binding upon, the Security Trustee to the same extent as American. Nothing contained herein or in the Security Agreement shall subject the Manufacturer to any liability to which it would not otherwise be subject under the Purchase Agreement or modify in any respect the contract rights of the Manufacturer thereunder.

The Manufacturer hereby represents and warrants that (A) the Manufacturer is a corporation duly organized and existing in good standing under the laws of the State of Delaware and has the requisite power and authority to enter into and perform its obligations under the Purchase Agreement and this Manufacturer's Consent; (B) the making and performance of the Purchase Agreement and this Manufacturer's Consent have been duly authorized by all necessary corporate action on the part of the Manufacturer, do not require any stockholder approval and do not contravene the Manufacturer's certificate of incorporation or by-laws or any indenture, credit agreement or other contractual agreement to which the Manufacturer is a party or by which it is bound; (C) the making and performance of this Manufacturer's Consent do not contravene

law binding on the Manufacturer; and (D) each of the Purchase Agreement and the Warranty Bill of Sale as of the date thereof and at all times thereafter to and including the date of this Manufacturer's Consent and this Manufacturer's Consent constitutes a binding obligation of the Manufacturer enforceable against the Manufacturer in accordance with its terms, subject, in each case, to (i) the limitation of applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Dated: _____, ____.

THE BOEING COMPANY

By: _____
Name: _____
Title: _____

Accepted and Agreed:

AMERICAN AIRLINES, INC.

By: _____
Name: _____
Title: _____

[Name of Security Trustee],
as Security Trustee

By: _____
Name: _____
Title: _____

Manufacturer's Serial Number: _____

POST-DELIVERY SALE NOTICE

[Date]

The Boeing Company
P.O. Box 3707
Seattle, Washington 98124-2207

Attention: Vice President - Contracts
Mail Stop 75-38

Ladies and Gentlemen:

Reference is made to (i) Purchase Agreement No. [____], dated as of [____], 1997 (as amended, modified and supplemented, the "Purchase Agreement") between The Boeing Company ("Boeing"), and American Airlines, Inc. ("American"), and (ii) the Boeing [model] [type] aircraft bearing manufacturer's serial number [____] and U.S. Registration No. N[____] (the "Aircraft"). Capitalized terms used herein without definition have the meanings specified therefor in the Purchase Agreement.

In connection with the transfer by American to [____] ("Assignee") of certain rights and interests of American in and under the Purchase Agreement relating to the Aircraft and the operation thereof, and the assumption by Assignee of certain of the obligations of American accruing thereunder, such transfer and assumption being effected pursuant to the [assignment and assumption agreement], dated as of [,] (the "Assignment"), between American and Assignee, an executed copy of which is attached hereto, the following is hereby confirmed for your benefit:

(1) Assignee agrees for your benefit to perform all of its obligations under the Assignment. Without limiting the generality of the foregoing, Assignee further agrees that, insofar as the provisions of the Purchase Agreement relate to the Aircraft, in exercising any rights under the Purchase Agreement, or in making any claim with respect to the Aircraft or other thing delivered or to be delivered pursuant to the Purchase Agreement, the terms and conditions of the Purchase Agreement, including, without limitation, the disclaimer and release and exclusion of liabilities provisions in the Product Assurance Document and the insurance and indemnity provisions in Section 8.2 of the AGTA, shall apply to, and be binding upon, Assignee to the same extent as American.

(2) American hereby confirms that such transfer shall not be deemed to release American from any obligation under the Purchase Agreement in respect of the Aircraft relating to the period prior to the date hereof.

(3) Each of American and the Assignee confirms that nothing contained in the Assignment shall subject Boeing to any liability to which it would not otherwise be subject under the Purchase Agreement or modify in any respect the contract rights of Boeing thereunder.

Boeing by its acknowledgment hereinbelow acknowledges for the benefit of American and Assignee that: (a) Boeing has received notice of and consents to the Assignment; and (b) except as otherwise provided in the Assignment, all representations, warranties, indemnities, and agreements of Boeing under the Purchase Agreement with respect to the Aircraft shall, subject to the terms and conditions thereof, inure to the benefit of Assignee to the same extent as if Assignee had originally been named the "Customer" therein.

[ASSIGNEE]

By: -----
Name: -----
Title: -----

AMERICAN AIRLINES, INC.

By: -----
Name: -----
Title: -----

ACKNOWLEDGED:

THE BOEING COMPANY

By: -----
Name: -----
Title: Attorney-in-Fact

Manufacturer's Serial No. -----

AGTA-AAL

CONTRACTOR CONFIDENTIALITY AGREEMENT

This Agreement is entered into between _____
(Contractor) and American Airlines, Inc. (Customer) and will be effective as of
the date stated below.

In connection with Customer's provision to _____
(Contractor) of certain Materials, Proprietary Materials and Proprietary
Information, reference is made to Purchase Agreement No. _____ dated as of
_____, _____ between The Boeing Company (Boeing) and Customer (Purchase
Agreement).

Capitalized terms used herein without definition will have the same meaning as
in the Purchase Agreement.

Boeing has agreed to permit Customer to make certain Materials,
Proprietary Materials and Proprietary Information relating to Customer's Boeing
/SELECT AS APPROPRIATE://[Model _____ aircraft] [Model _____ aircraft
bearing Manufacturer's Serial Number _____, Registration No. _____]/ (the
Aircraft) available to Contractor in connection with Customer's contract with
Contractor (the Contract) to /SELECT://[maintain/repair/modify the
Aircraft]/[develop and/or manufacture training devices for Customer's use in
connection with the Aircraft]/[develop and/or manufacture or redesign any spare
part when permitted under the provisions of the Spare Parts General Terms
Agreement between Boeing and Customer, and then only to the extent expressly
permitted therein]/[develop training programs solely for Customer's use in
accordance with the provisions of the Purchase Agreement]. As a condition of
receiving the Proprietary Materials and Proprietary Information, Contractor
agrees as follows:

1. For purposes of this Agreement:

"AIRCRAFT SOFTWARE" means software intended to fly with and be utilized
in the operation of an Aircraft.

"MATERIALS" are defined as any and all items that are created by
Boeing or a third party, which are provided directly or indirectly from Boeing
and serve primarily to contain, convey or embody information. Materials may
include either tangible embodiments (for example, documents or drawings), or
intangible embodiments (for example, software and other electronic forms) of
information but exclude Aircraft Software.

"PROPRIETARY INFORMATION" means any and all proprietary, confidential
and/or trade secret information owned by Boeing or a Third Party.

"PROPRIETARY MATERIALS" means Materials that contain, convey, or embody
Proprietary Information.

"THIRD PARTY" means anyone other than Boeing, Customer and Contractor.

2. Boeing has authorized Customer to grant to Contractor a worldwide, non-exclusive, personal and nontransferable license to use Proprietary Materials and Proprietary Information internally in connection with performance of the Contract or as may otherwise be authorized by Boeing in writing. Contractor will keep confidential and protect from disclosure to any person, entity or government agency, including any person or entity affiliated with Contractor, other than Contractor's employees and agents on a need-to-know basis, all Proprietary Materials and Proprietary Information. Individual copies of all Materials are provided to Contractor subject to copyrights therein, and all such copyrights are retained by Boeing or, in some cases, by Third Parties. Contractor is authorized to make copies of Materials (except for Materials bearing the copyright legend of a Third Party) provided, however, Contractor preserves the restrictive legends and proprietary notices on all copies. All copies of Proprietary Materials will belong to Boeing and be treated as Proprietary Materials under this Agreement.

3. Contractor specifically agrees not to use Proprietary Materials or Proprietary Information in connection with the manufacture or sale of any part or design except as expressly permitted by this Agreement. Unless otherwise agreed with Boeing in writing, Proprietary Materials and Proprietary Information may be used by Contractor only for /SELECT AS APPROPRIATE://[work on the Aircraft for which Boeing has designated such Proprietary Materials]/[the sole purpose of developing and/or manufacturing training devices for Customer's use in connection with the Aircraft]/ [the sole purpose of developing and/or manufacturing or redesigning any spare part only for use on Customer's Aircraft, only as permitted under the provisions of the Spare Parts General Terms Agreement between Boeing and Customer, and then only to the extent expressly permitted therein]/[developing training programs solely for Customer's use in accordance with the provisions of the Purchase Agreement]. Contractor recognizes and agrees that it is responsible for ascertaining and ensuring that all Materials are appropriate for the use to which they are put.

4. Contractor will not attempt to gain access to information by reverse engineering, decompiling, or disassembling any portion of any software provided to Contractor pursuant to this Agreement.

5. Upon Boeing's request at any time, Contractor will promptly return to Boeing (or, at Boeing's option, destroy) all Proprietary Materials, together with all copies thereof and will certify to Boeing that all such Proprietary Materials and copies have been so returned or destroyed.

6. To the extent required by a government regulatory agency having jurisdiction over Contractor, Customer or the Aircraft, Contractor is authorized to provide Proprietary Materials and disclose Proprietary Information to the agency for the agency's use in connection with Contractor's authorized use of such Proprietary Materials and/or Proprietary Information for /SELECT AS APPROPRIATE://[maintenance, repair, or modification

of the Aircraft]/[development and/or manufacturing of training devices for Customer's use in connection with the Aircraft]/ [development and/or manufacture or redesign of any spare part when permitted under the provisions of the Spare Parts General Terms Agreement between Boeing and Customer, and then only to the extent expressly permitted therein]/[development of training programs solely for Customer's use in accordance with the provisions of the Purchase Agreement]/. Contractor agrees to take reasonable steps to prevent such agency from making any distribution or disclosure, or additional use of the Proprietary Materials and Proprietary Information so provided or disclosed. Contractor will advise the agency in writing of the restrictions contained in this Agreement on the disclosure and use of such Proprietary Materials and Proprietary Information, and will cooperate with all reasonable requests of Boeing or Customer in connection with any efforts by Boeing to obtain an appropriate protective order or other assurances that the agency will comply with such restrictions. Contractor further agrees to promptly notify Boeing upon learning of any (i) distribution, disclosure, or additional use by such agency, (ii) request to such agency for distribution, disclosure, or additional use, or (iii) intention on the part of such agency to distribute, disclose, or make additional use of the Proprietary Materials or Proprietary Information.

7. Boeing is a third-party beneficiary of this Agreement, and Boeing may enforce any and all of the provisions of the Agreement directly against Contractor. Contractor hereby submits to the jurisdiction of the Washington state courts and the United States District Court for the Western District of Washington with regard to any claims Boeing may make under this Agreement. It is agreed that Washington law (excluding Washington's conflict-of-law principles) governs this Agreement.

8. No disclosure or physical transfer by Boeing or Customer to Contractor, of any Proprietary Materials or Proprietary Information covered by this Agreement will be construed as granting a license, other than as expressly set forth in this Agreement, or any ownership right in any patent, patent application, copyright or proprietary information.

9. The provisions of this Agreement will apply notwithstanding any markings or legends, or the absence thereof, on any Proprietary Materials.

10. This Agreement is the entire agreement of the parties regarding the ownership and treatment of Proprietary Materials and Proprietary Information, and no modification of this Agreement will be effective as against Boeing unless in writing signed by authorized representatives of Contractor, Customer and Boeing.

11. Failure by either party to enforce any of the provisions of this Agreement will not be construed as a waiver of such provisions. If any of the provision of this Agreement is held unlawful or otherwise ineffective by a court of competent jurisdiction, the remainder of the Agreement will remain in full force.

ACCEPTED AND AGREED TO this

Date: _____, _____

(CONTRACTOR)

AMERICAN AIRLINES, INC.

By: _____

By: _____

Its: _____

Its: _____

AGTA-AAL

=====
BILL OF SALE
=====

KNOW ALL PERSONS BY THESE PRESENTS:

THAT _____ (SELLER), a (location of incorporation) corporation whose address is (address of corporation), is the owner of the full legal and beneficial title to that certain BOEING MODEL _____ AIRCRAFT manufactured by The Boeing Company bearing FEDERAL AVIATION ADMINISTRATION REGISTRATION IDENTIFICATION _____ and MANUFACTURER'S SERIAL NUMBER _____, together with the (quantity) (Engine Model) series engines installed thereon, manufactured by (Engine Manufacturer), bearing MANUFACTURER'S SERIAL NUMBERS (engine serial numbers), respectively, together with all appliances, parts, instruments, appurtenances, accessories, furnishings, or other equipment or property installed on or attached to said aircraft and engines, other than equipment furnished by (Customer) as Buyer Furnished Equipment (BFE).

THAT for and in consideration of the sum of \$1.00 and other valuable consideration SELLER does this ____ day of _____, _____, grant, convey, transfer, bargain and sell, deliver and set over, at (location: City, State), pursuant and subject to the terms and conditions of Purchase Agreement No. _____, dated _____, all of SELLER'S right, title and interest in and to the above described aircraft, engines, appliances, parts, instruments, appurtenances, accessories, furnishings and/or other equipment or property (other than BFE) unto (Customer's Legal Name) (BUYER), and unto its successors and assigns forever.

THAT SELLER hereby warrants to BUYER, its successors and assigns, that there is hereby conveyed to BUYER on the date hereof, good title to the aforesaid aircraft, engines, appliances, parts, instruments, appurtenances, accessories, furnishings and/or other equipment or property (other than BFE), free and clear of all liens, encumbrances and rights of others, and that it will warrant and defend such title forever against all claims and demands whatsoever.

THIS Bill of Sale is delivered by SELLER to BUYER in (in Place: City, State), and governed by the law of the State of Washington.

IN WITNESS WHEREOF, SELLER has caused this instrument to be executed by its duly authorized Attorney-In-Fact this _____ day of _____, _____.

(Seller's Name)

By _____

Title Attorney-In-Fact _____

PURCHASE AGREEMENT NO. 1977

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

DATED AS OF OCTOBER __, 1997

RELATING TO BOEING MODEL 737-823 AIRCRAFT

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Letter Agreement No. 6-1162-AKP-071 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-072 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-073 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-074 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-075 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-076 Aircraft Performance Guarantees

Letter Agreement No. 6-1162-AKP-077 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-078 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-079	Escalation Sharing
Letter Agreement No. 6-1162-AKP-080	Installation of Cabin Systems Equipment
Letter Agreement No. 6-1162-AKP-081	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-082	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-083	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-084	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-085	Component Reliability Commitments
Letter Agreement No. 6-1162-AKP-117	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Purchase Agreement No. 1977

between

The Boeing Company

and

American Airlines, Inc.

This Purchase Agreement No. 1977 dated as of October _____, 1997 between The Boeing Company and American Airlines, Inc. relating to the purchase and sale of Model 737-823 Aircraft hereby expressly incorporates by reference all of the terms and conditions of the AGTA.

Article 1. Quantity, Model and Description.

Boeing will manufacture and sell to Customer, and Customer will purchase, the Aircraft conforming to the Detail Specification, all in accordance with the terms of this Purchase Agreement. The quantity of Aircraft is specified in the Table 1 attached hereto and made a part hereof for all purposes.

Article 2. Delivery Schedule.

The Scheduled Delivery Months of the Aircraft are as listed in the attached Table 1.

Article 3. Price.

3.1 Basic Price. The Aircraft Basic Price (in 1995 dollars and subject to escalation in accordance with the applicable provisions of the Purchase Agreement) for each Aircraft is listed in Table 1.

3.2 Advance Payment Base Price. The Advance Payment Base Price for each Aircraft is listed in Table 1.

3.3 Aircraft and Advance Payment Price Components. The components of the Aircraft Basic Price and the calculation of the Advance Payment Base Prices for the Aircraft are listed in Table 1.

Article 4. Payment.

4.1 Deposit. Boeing acknowledges receipt of a Deposit in the amount of \$75,000 for each Aircraft.

4.2 Advance Payments. Customer will make Advance Payments to Boeing in the amount of 30% of the Advance Payment Base Price of each Aircraft in accordance with the payment schedule set forth in the attached Table 1, beginning with a payment of 1%, less the Deposit, on the date of full execution of this Purchase Agreement. Additional Advance Payments for each Aircraft are due on the first business day of the months and in the amounts listed in the attached Table 1.

4.3 Advance Payments Due. For any Aircraft whose Scheduled Delivery Month is less than 24 months from the date of this Purchase Agreement, the total amount of Advance Payments due upon the date of full execution of this Purchase Agreement will include all Advance Payments which are or were due on or before that date in accordance with the Advance Payment schedule set forth in the attached Table 1.

4.4 Payment of Balances. Customer will pay the balance of the Aircraft Price of each Aircraft, less the total amount of Advance Payments and Deposits received by Boeing for such Aircraft, at delivery in accordance with the terms and conditions of the Purchase Agreement.

Article 5. Miscellaneous.

5.1 Aircraft Information Table. Table 1 contains and consolidates information contained in Articles 1, 2 and 3 of this Purchase Agreement with respect to (i) quantity of Aircraft, (ii) applicable Detail Specification, (iii) Scheduled Delivery Months, (iv) Aircraft Basic Price, (v) applicable escalation factors, (vi) Advance Payment Base Prices, and (vii) Advance Payments and their schedules.

5.2 Aircraft Configuration. Exhibit A to this Purchase Agreement contains the configuration information for the Aircraft including the Detail Specification and Optional Features.

5.3 Aircraft Delivery Requirements and Responsibilities. Exhibit B to this Purchase Agreement contains certain documentation and approval responsibilities of Customer and Boeing.

5.4 Defined Terms. Exhibit C to this Purchase Agreement contains certain defined terms used in the AGTA or elsewhere in this Purchase Agreement. All capitalized terms used in this Purchase Agreement but not otherwise defined shall have the meaning set forth in Exhibit C to this Purchase Agreement or elsewhere in such Purchase Agreement.

5.5 BFE Variables. Supplemental Exhibit BFE1 to this Purchase Agreement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft pursuant to the BFE Provisions Document.

5.6 Customer Support Variables. Supplemental Exhibit CS1 to this Purchase Agreement contains the variable information applicable to goods and services furnished by Boeing in support of the Aircraft pursuant to the Customer Support Document.

5.7 SLP Components. Supplemental Exhibit SLP1 to this Purchase Agreement lists the airframe, landing gear and other components covered by the Service Life Policy for the Aircraft as defined in Part 3 of the Product Assurance Document.

5.8 Engine Escalation Variables. Supplemental Exhibit EE1 to this Purchase Agreement contains the applicable escalation formula, warranty, and patent indemnity for the Engines.

5.9 Negotiated Agreement; Entire Agreement. This Purchase Agreement including, without limitation, the provisions of Article 8 of the AGTA relating to indemnification and insurance, and Section 11 of Part 2 of the Product Assurance Document relating to DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES has been the subject of discussion and negotiation and is understood by the parties. The Aircraft Price and other agreements of the parties stated in this Purchase Agreement were arrived at in consideration of such provisions. This Purchase Agreement contains the entire agreement between the parties and supersedes all previous proposals, understandings, commitments or representations whatsoever, oral or written, and may be changed only in writing signed by authorized representatives of the parties.

* * * * *

DATED AS OF THE DATE FIRST ABOVE WRITTEN

AMERICAN AIRLINES, INC.

THE BOEING COMPANY

By _____
Its _____

By _____
Its _____

TABLE 1 TO
PURCHASE AGREEMENT NO. 1977
737-823 AIRCRAFT DELIVERY, DESCRIPTION, PRICE AND ADVANCE PAYMENTS

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit A to Purchase Agreement Number 1977

A-1

AIRCRAFT CONFIGURATION

Dated October _____, 1997

relating to

BOEING MODEL 737-823 AIRCRAFT

The configuration of the Aircraft is described in Detail Specification D6-38808-69, dated of even date herewith. The Detail Specification consists of Boeing Standard Detail Specification D6-38808, Revision F, dated March 8, 1996, as amended to incorporate the applicable specification language which reflects the changes to be included herein when identified, including the effects of such changes on the Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). The current revision of the above Detail Specification D6-38808-69 may be further revised under future change orders to reflect the effects of additional changes and features as may be selected by Customer concurrent with, or subsequent to, execution of this Purchase Agreement.

A-1

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit B to Purchase Agreement Number 1977

P. A. No. 1977

B

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

relating to

BOEING MODEL 737-823 AIRCRAFT

Both Boeing and Customer have certain documentation and approval responsibilities at various times during the construction cycle of Customer's Aircraft that are critical to making the delivery of each Aircraft a positive experience for both parties. This Exhibit B documents those responsibilities and indicates recommended completion deadlines for the actions to be accomplished.

1. GOVERNMENT DOCUMENTATION REQUIREMENTS.

Certain actions are required to be taken by Customer in advance of the Scheduled Delivery Month of each Aircraft with respect to obtaining certain government issued documentation.

1.1 Registration Documents.

Not later than 6 months prior to delivery of each Aircraft, Customer will notify Boeing of the registration number to be painted on the side of the Aircraft. In addition, and not later than 3 months prior to delivery of each Aircraft, Customer will, by letter to the regulatory authority having jurisdiction, authorize the temporary use of such registration number by Boeing during the pre-delivery testing of the Aircraft. Customer is responsible for furnishing any temporary or permanent registration certificates required by any Governmental Authority having jurisdiction to be displayed aboard the Aircraft after delivery.

1.2 Certificate of Sanitary Construction.

Boeing will obtain from the United States Public Health Service prior to delivery of each Aircraft a United States Certificate of Sanitary Construction for the Aircraft being delivered. The certificate will be delivered to Customer at delivery of each Aircraft, and Customer will display such certificate (or a written statement of the location of the original certificate) aboard each Aircraft after delivery to Customer.

2. INSURANCE CERTIFICATES.

Insurance certificate requirements are defined in Article 8 of the AGTA.

3. FLYAWAY CONFIGURATION AND FERRY FLIGHT INFORMATION.

3.1 Flyaway Configuration Notice.

Not later than 14 days prior to delivery of the Aircraft, Customer will provide to Boeing a configuration letter stating the requested flyaway configuration of the Aircraft for its ferry flight. This configuration letter should include:

(i) the name of the company which is to furnish fuel for the ferry flight and any scheduled post-delivery flight training, the method of payment for such fuel, and fuel load for the ferry flight;

(ii) the cargo to be loaded and where it is to be stowed on board the Aircraft and address where cargo is to be shipped after flyaway; and

(iii) any BFE equipment to be removed prior to flyaway and returned to Boeing BFE stores for installation on Customer's subsequent Aircraft.

The information contained in such configuration letter may be changed from time to time by the mutual consent of Boeing and Customer.

3.2 Ferry Flight Information.

Customer will provide to Boeing at least 24 hours prior to delivery of each Aircraft:

(i) a complete list of names and citizenship of each crew member and non-revenue passenger who will be aboard the ferry flight; and

(ii) a complete ferry flight itinerary.

4. DELIVERY ACTIONS BY BOEING.

4.1 Schedule of Inspections. Subsequent to the Boeing production flight test, all FAA, Boeing, Customer and, if required, U.S. Customs Bureau inspections will be scheduled by Boeing for completion prior to delivery of the Aircraft. Customer will be informed of such schedules with as much advance notice as practicable.

4.2 Schedule of Demonstration Flights. All FAA and Customer demonstration flights will be scheduled by Boeing for completion prior to delivery of the Aircraft. Boeing will provide to Customer at least 14 days prior written notice of the date, time, and location of such flight. Boeing will notify Customer in writing of any changes to such date, time, and location.

4.3 Schedule for Customer's Flight Crew. Boeing will inform Customer of the date that a flight crew is required for acceptance routines associated with delivery of the Aircraft.

4.4 Fuel Provided by Boeing. Boeing will provide to Customer, without charge, 1,000 U.S. gallons of fuel and full capacity of engine oil at the time of delivery or prior to the ferry flight of the Aircraft.

4.5 Flight Crew and Passenger Consumables. Boeing will provide a sufficient supply of food, potable water, coat hangers, towels, toilet tissue, garbage bags, drinking cups and soap for the first segment of the ferry flight for the Aircraft.

4.6 Delivery Papers, Documents and Data. Boeing will have available at the time of delivery of the Aircraft all delivery papers, documents and data for execution and delivery. Boeing will pre-position in Oklahoma City, Oklahoma, for filing with the FAA at the time of delivery of the Aircraft an executed original Form 8050-2, Aircraft Bill of Sale, for the sale to Customer and any additional executed forms of such bill of sale for any transfers of title to the Aircraft from any of Boeing's sales subsidiary so that following recordation of such bill(s) of sale, Customer will have good and marketable title to the Aircraft.

4.7 Delegation of Authority. Boeing will present a certified copy of a Resolution of Boeing's Board of Directors, designating and authorizing certain persons to act on its behalf in connection with delivery of the Aircraft including the person executing the transfer of title documents.

4.8 Standard Airworthiness Certificate. Boeing will provide at delivery of each Aircraft the Standard Airworthiness Certificate in accordance with Article 3 of the AGTA.

5. DELIVERY ACTIONS BY CUSTOMER.

5.1 Aircraft Radio Station License. At delivery Customer will provide a copy of its Aircraft Radio Station License (or a written statement of the location of the original license) to be placed on board the Aircraft following delivery.

5.2 Aircraft Flight Log. At delivery Customer will provide the Aircraft Flight Log for the Aircraft.

5.3 Delegation of Authority. Customer will present to Boeing at delivery of the Aircraft an original or certified copy of Customer's Delegation of Authority designating and authorizing certain persons to act on its behalf in connection with delivery of the specified Aircraft.

PURCHASE AGREEMENT DEFINITIONS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit C to Purchase Agreement Number 1977

P.A. No. 1977

C

PURCHASE AGREEMENT DEFINITIONS

Dated October _____, 1997

relating to

BOEING MODEL 737-823 AIRCRAFT

I. Definitions.

The following terms, when used in capitalized form in this Purchase Agreement, including the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to this Purchase Agreement, have the following meanings:

"Advance Payments" means the payments made by Customer in advance of delivery with respect of an Aircraft pursuant to Section 4.2 of the Purchase Agreement.

"Advance Payment Base Price" has the meaning set forth in Section 2.1.6 of the AGTA.

"Affiliate", with respect to a specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AGTA" has the meaning set forth in the recital of the Aircraft General Terms Agreement of even date herewith between Boeing and Customer.

"Aircraft" means any or all, as the context requires, of the Boeing Model 737-823 aircraft described in Table 1 to the Purchase Agreement, together with the Engines and Parts that are incorporated or installed in or attached to such aircraft.

"Aircraft Basic Price" has the meaning set forth in Section 2.1.4 of the AGTA.

"Aircraft Price" has the meaning set forth in Section 2.1.7 of the AGTA.

"Aircraft Software" has the meaning set forth in Part 1 of the Product Assurance Document.

"Airframe Escalation Adjustment Document" has the meaning set forth in Section 2.1.5 of the AGTA.

"Airframe Price" has the meaning set forth in Section 2.1.1 of the AGTA.

"ATA" has the meaning set forth in Section 1 to Part 3 of the Customer Support Document.

"Authorized Agent" has the meaning set forth in Part 1 of the Product Assurance Document.

"Average Direct Hourly Labor Rate" has the meaning set forth in Part 1 of the Product Assurance Document.

"BFE Provisions Document" means the Buyer Furnished Equipment Provisions Document attached to the AGTA as Exhibit A.

"Boeing" has the meaning set forth in the recital of the AGTA.

"Boeing Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Buyer Furnished Equipment" or "BFE" has the meaning set forth in Section 1.2 of the AGTA.

"Correct" or "Correction" has the meaning set forth in Part 1 of the Product Assurance Document.

"Corrected Boeing Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Customer" has the meaning set forth in the recital of the AGTA.

"Customer Support Document" means the Customer Support Document attached to the AGTA as Exhibit B.

"Deposit" means the deposit made by Customer in respect of an Aircraft pursuant to Section 4.1 of the Purchase Agreement.

"Detail Specification" means the Detail Specification identified in Exhibit A to the Purchase Agreement, as the same is amended from time to time by Boeing and Customer pursuant to Article 4 of the AGTA.

"Development Changes" has the meaning set forth in Section 4.2 of the AGTA.

"Direct Labor" has the meaning set forth in Part 1 of the Product Assurance Document.

"Direct Materials" has the meaning set forth in Part 1 of the Product Assurance Document.

"Documents" has the meaning set forth in Section 1 of Part 3 to the Customer Support Document.

"Engine" means each of the two engines installed on an Aircraft and identified in Table 1 to the Purchase Agreement, together with any and all Parts incorporated or installed in or attached to each such engine.

"Engine Price" has the meaning set forth in Section 2.1.3 of the AGTA.

"Engine Supplier" means the manufacturer of the Engine.

"Escalation Adjustment" has the meaning set forth in Section 2.1.5 of the AGTA.

"Excusable Delay" has the meaning set forth in Section 7.1 of the AGTA.

"FAA" means the Federal Aviation Administration of the United States of America and any agency or instrumentality of the United States government succeeding to its functions.

"Failed Component" has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

"Failure" has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

"Federal Aviation Regulations" means the regulations promulgated by the FAA from time to time and any official interpretations thereof.

"Field Services" has the meaning set forth in Section 1 of Part 2 to the Customer Support Document.

"Governmental Authority" means any federal, state, county, local or foreign governmental entity or municipality or subdivision thereof or any authority, arbitrator, department, commission, board, bureau, body, agency, court or other agency or instrumentality thereof.

"Governmental Regulations" means: (1) the Type Certificate for the Aircraft; (2) any other certification, license or approval issued or required for the Aircraft by the FAA or any other Governmental Authority having jurisdiction over Boeing or the Aircraft; (3) any other law, rule, order or regulation of the United States Government or any agency or instrumentality thereof, having jurisdiction over the Aircraft or Boeing; (4) all regulations and official interpretations of the certification, license, or approval requirements described in (1), (2) and (3) above; and (5) all airworthiness directives issued by the FAA.

"Interface Problem" has the meaning set forth in Section 1 of Part 5 of the Product Assurance Document.

"Manufacturer Change" has the meaning set forth in Section 3.2.1 of the AGTA.

"Operator Changes" has the meaning set forth in Section 3.3.1 of the AGTA.

"Optional Features" means those Parts identified as optional features in the Detail Specification.

"Optional Features Prices" has the meaning set forth in Section 2.1.2 of the AGTA.

"Parts" means any and all appliances, parts, instruments, appurtenances, accessories, furnishings, and other equipment or property of whatever nature incorporated or installed in or attached to an Aircraft upon delivery or otherwise (as applicable) pursuant to the Purchase Agreement.

"Performance Guarantees" has the meaning set forth in Section 5.4 of the AGTA.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Policy" has the meaning set forth in Section 1 of Part 3 of the Product Assurance Document.

"Product Assurance Document" means the Product Assurance Document attached to the AGTA as Exhibit C.

"Proprietary Information" has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

"Proprietary Materials" has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

"Purchase Agreement" means Purchase Agreement No. 1977, of even date herewith, between Boeing and Customer for the purchase of the Aircraft, including, without limitation, the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to such Purchase Agreement.

"Scheduled Delivery Month" means, with respect to an Aircraft, the scheduled month and year of delivery for such Aircraft as set forth in Section 2 of the Purchase Agreement.

"Seller Furnished Equipment" or "SFE" means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as "seller furnished equipment."

"Seller Purchased Equipment" or "SPE" means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as "seller purchased equipment."

"SLP Component" has the meaning set forth in Section 1 of Part 3 of Product Assurance Document.

"Standard Airworthiness Certificate" means a standard airworthiness certificate for transport category aircraft applicable to an Aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations (or any successor regulations).

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

"Suppliers" has the meaning set forth in Section 1 of Part 4 of the Product Assurance Document.

"Supplier Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Taxes" has the meaning set forth in Section 2.2 of the AGTA.

"Type Certificate" means a type certificate for transport category aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations or any successor regulation.

"Warranty Inspections" has the meaning set forth in Part 1 of the Product Assurance Document.

II. Interpretive Provisions.

When reference is made to an article, section, attachment, exhibit, schedule or supplement of the "AGTA" or a "Purchase Agreement" without further reference to a particular letter agreement, attachment, exhibit, schedule or supplement thereto, such reference shall be deemed to be a reference to the main text of the AGTA or such Purchase Agreement, respectively.

SUPPLEMENTAL EXHIBIT BFE1
 TO
 PURCHASE AGREEMENT NO. 1977
 BETWEEN
 THE BOEING COMPANY
 AND
 AMERICAN AIRLINES, INC.

BUYER FURNISHED EQUIPMENT (BFE) VARIABLES
 MODEL 737-823 AIRCRAFT

This Exhibit Supplement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft.

1. Supplier Selection.

Customer will:

1.1 Select and notify Boeing of the suppliers of the following BFE items by the following dates:

Galley System January 7, 1998

2. On-dock Dates.

On or before April 1, 1998, Boeing will provide to Customer a BFE Requirements On-Dock/Inventory Document (BFE Document) or an electronically transmitted BFE Report which may be periodically revised, setting forth the items, quantities, on-dock dates and shipping instructions relating to the in sequence installation of BFE. For planning purposes, a preliminary BFE on-dock schedule for the first Aircraft is set forth below:

Delivery Month & Year	Seats	Galleys	Electronics	Furnishings
January 1999	11-4-98	10-29-98	9-11-98	10-29-98

SUPPLEMENTAL EXHIBIT CS1

TO

PURCHASE AGREEMENT NO. 1977

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

737 CUSTOMER SUPPORT VARIABLES

The customized Customer Support Program will be based upon and equivalent to the entitlements summarized below. Customer may create a customized program by selecting from the courses, training materials, services and technical data and documents set forth below in quantities of Customer's choosing and/or by substituting in lieu thereof such additional or different services or materials as the parties may mutually agree; provided, that the value of the services and materials comprising the customized program shall not in the aggregate exceed the value of those entitlements summarized below.

PART 1: MAINTENANCE AND FLIGHT TRAINING PROGRAMS; OPERATIONS ENGINEERING SUPPORT

1. Maintenance Training.
 - 1.1 General Familiarization Course.

This course provides general systems information for Customer's upper management personnel; it does not address the maintenance of the Aircraft and its systems in the detail required by maintenance personnel.

One class; up to 24 students.

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CS1-1

1.2 Mechanical/Power Plant Systems Course.

This course provides mechanical instruction on the maintenance of the Aircraft and its systems, including engine systems. Electrical instruction, where necessary, will be provided in order to clarify mechanical system operation.

Two classes; up to 15 students per class.

1.3 Electrical Systems Course.

This course provides electrical instruction on the maintenance of the Aircraft and its systems, including engine systems. Mechanical instruction, where necessary, will be provided in order to clarify electrical system operation.

Two classes; up to 15 students per class.

1.4 Avionics Systems Course.

This course provides instruction on the maintenance of the Aircraft automatic flight control systems, communications and navigation systems. It is oriented to those personnel who specialize in trouble analysis and line maintenance on avionics systems.

Two classes; up to 15 students per class.

Note: A reasonably representative copy of the Maintenance Manual, Wiring Diagram Manual and System Schematics Manual will be available for student reference in each class of the courses described in Sections 1.2, 1.3 and 1.4 above. Boeing will exercise every reasonable effort to provide copies of Customer's customized manuals for such reference.

1.5 Corrosion Prevention and Control Course.

This course provides instruction on Aircraft corrosion prevention and control.

One class; up to 10 students.

1.6 Aircraft Rigging Course.

This course provides instruction on Aircraft rigging to provide Customer's specialist personnel with the necessary information to rig all flight control surfaces, landing gear components, aircraft doors and engines.

One class; up to 6 students at a mutually agreed upon alternate facility.

1.7 Advanced Composite Repair Course.

This course provides instruction for Customer's structural repair personnel and promotes understanding of the design philosophy, inspection and repair of advanced composite components.

One class; up to 8 students.

1.8 Post-Delivery Practical Observation.

If requested by Customer prior to the conclusion of the Maintenance Training Planning Conference, Boeing will coordinate the assignment of up to 8 of Customer's maintenance personnel to observe the routine maintenance practices Boeing performs on the Aircraft during Customer 's flight training in the Seattle area provided pursuant to Part 1 of the Customer Support Document.

1.9 Supplier Training.

Each maintenance training course will include sufficient information, for purposes of supporting line maintenance functions, on the location, operation and servicing of Aircraft Parts provided by Suppliers. If Customer requires additional maintenance training with respect to any Supplier Parts, Customer shall schedule such training directly with the supplier thereof. If Customer experiences difficulty in scheduling such training, Boeing shall, if requested by Customer, assist Customer in coordinating and scheduling such Supplier-provided maintenance training.

1.10 Training Materials.

Training materials will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, computer-based training (CBT) courseware, instrument panel wall charts, text/graphics, video programs, etc. will be provided for use in Customer's own training program.

1.11 Student Training Material.

No revision service will be provided for the material provided hereunder.

1.11.1 Manuals.

Boeing will provide at the beginning of each Maintenance Training course one copy of a training manual or equivalent for each student attending such course.

1.11.2 Panel Description/Component Locator/Field

Trip Checklist Manual.

Boeing will provide 1 copy of a Panel Description/Component Locator/Field Trip Checklist Manual for each student in the applicable Maintenance Training course.

1.12 Other Training Material.

Boeing will provide to Customer 1 set of the following training materials, as used in the courses described above in Sections 1.1, 1.2, 1.3 and 1.4:

1.12.1 Visual Aids.

- (a) 8-1/2 x 11-inch blackline projection transparencies.
- (b) Full-scale instrument panel wall charts in the form of black and white copies and mylar reproducible copies.
- (c) Training slides.

1.12.2 Reproducible Masters.

8-1/2 x 11-inch prints suitable for black and white reproduction of all graphics and applicable text.

1.12.3 Video Programs.

Video programs on 3/4-inch U-matic or 1/2-inch VHS cassette formats in NTSC, PAL or SECAM standards, as selected by Customer.

1.12.4 CBT Courseware.

CBT courseware, and instructions for courseware installation and operation. This courseware will reflect the major configuration of the first Aircraft as delivered to Customer.

1.12.5 Shipment of Materials.

The training materials described above will be shipped to Customer 30 days after completion of the first class of each applicable Maintenance Training course.

1.12.6 Training Material - Aircraft Configuration.

The visual aids and reproducible masters described above will, at the conclusion of the shipments thereof, reflect the configuration of the first Aircraft as delivered to Customer.

1.13 Course Completion Records.

At the completion of the Maintenance Training, Boeing will provide Customer with course completion records consisting of the following:

1.13.1 Master copies of all examinations given.

1.13.2 Attendance and examination records for each student.

1.13.3 Certificate of Completion for each course each student successfully completes.

2. Flight Training.

2.1 Transition Training.

The flight crew training course is approved by the FAA and is designed to train flight crews to operate the Aircraft safely and efficiently under normal and non-normal conditions. The training will consist of ground school (utilizing CBT), fixed base simulator, full flight simulator and actual aircraft training on Customer's Aircraft. The flight crew training contemplated by this paragraph 2.1 may include, at Customer's election, one ground school observer and one flight training observer in each class in addition to the flight crews.

8 flight crews (16 pilots).

2.2 Flight Dispatcher Training.

This course provides familiarization training on the Aircraft's systems, operation, performance capabilities and a brief description of the Aircraft's limitations, followed by in-depth coverage of basic performance, flight analysis, performance for nonstandard operation and flight planning.

2 classes of 6 students.

2.3 Flight Attendant Training.

This course provides familiarization training for airline passenger service personnel. It includes a description of the Aircraft and its features. Emphasis is

placed on the equipment and furnishings with which the flight attendant is concerned. Particular attention is given to the attendant's functions related to communications, lighting and emergency equipment. When practicable, a field trip to an aircraft is arranged to observe operation, location and arrangement of equipment.

2 classes of 12 students.

2.4 Performance Engineer Training Courses.

Three types of courses are offered. A schedule for the courses is published and mailed to all Boeing aircraft operators semiannually and a mutually agreed upon number of Customer's personnel may attend, for as long as Customer owns Boeing model aircraft.

2.4.1 General Performance Engineer Course.

This course provides detailed aircraft performance information for personnel involved in route planning, performance analysis and evaluation and engineering flight testing. The course includes a review of basic high-speed aerodynamics and engine performance and operation. Students will make calculations to help them recognize and understand the variables which influence turbojet aircraft performance.

2.4.2 Model-Specific Performance Engineer Course.

This course relates to a specific model aircraft. It covers a brief review of basic aerodynamics and basic jet engine performance, followed by detailed coverage of specific performance for the aircraft model type. Detailed flight planning, including emergency conditions, is covered.

2.4.3 Operational Performance Engineer Course.

This course is directed toward personnel who have completed the performance engineer general and specific courses and have several years' related experience. The course includes expanded coverage of aircraft noise, runway loading, and various operational, safety and economic considerations.

2.5 Training Materials.

Training materials will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, CBT courseware, instrument panel wall charts, text/graphics, video programs, etc., will be provided for use in Customer's own training program.

2.5.1 Student training material, in Boeing's then-standard format, will be provided to Customer's personnel (1 set for each student and observer) as listed below. No revision service will be provided for the material provided pursuant to this Section 2.5.1.

- (a) Flight Crew Course.
Operations Manual
Quick Reference Handbook
Student Training Manual
Flight Crew Training Manual
Instrument Training Manual -
as required
- (b) Flight Dispatcher Course.
Flight Dispatcher Training
Manual
- (c) Flight Attendant Course.
Flight Attendant Training Manual
- (d) Performance Engineer Courses.
Assorted documents, excerpts
and handouts.

2.5.2 Other Training Materials.

At the conclusion of the Flight Training, Boeing will provide one set of the following material, as used in the Flight Training Program. Revision service will not be provided for these materials. All paper documentation will be provided in MS Word 6.0 format or compatible PC format.

- (a) Boeing will provide a copy of Boeing developed CBT materials used in the Flight Training Program. This CBT courseware will reflect major configuration options delivered on Customer's first Aircraft. Customer will require certain equipment and materials in order to use the CBT Program. Equipment and materials required to run the CBT Program will be procured by Customer at Customer's expense. The CBT materials provided include the following:

- (i) 1 copy of all lesson files supplied on CD-ROM disc.
 - (ii) 1 paper copy of loading and operation instructions for installing the lessons on an MS-DOS compatible Personal computer or File Server.
 - (iii) 1 copy of the runtime software required to run the CBT lessons, together with a license for unlimited run-time use for presentation via network system and/or stand alone computer terminals to any employee, or contract trainee of customer and/or any Affiliate, or casual visitor at any location. Customer agrees not to sell such material.
- (b) Full-Scale Color Instrument Panel Wall Charts reflecting the configuration of the first Aircraft as delivered to Customer.
 - (c) Flight Crew Training Record.
 - (d) Examinations Questions.
 - (e) Student Training Manual.
 - (f) Video programs on 3/4-inch U-matic or 1/2 inch VHS cassette format in NTSB, PAL or SECAM standards as selected by Customer.
 - (g) Flight Attendant Manual (50 copies).
 - (h) Flight Attendant Training Course (script, slides and video tapes on 3/4-inch U-matic or 1/2 inch VHS cassette format in NTBC, PAL or SECAM standards as selected by Customer).

2.6 Additional Flight Operations Services.

2.6.1 Subject to availability, Boeing shall if seasonably requested by Customer, provide Boeing flight crew personnel to assist in ferrying the first Aircraft to Customer's main base, and Customer shall pay Boeing's standard charge for such assistance;

2.6.2 Boeing will provide up to 90 days of instructor pilot services which will include such activities as: (1) review of Customer's flight crew operations; (2) observation of Customer's cockpit crews; (3) post-flight reviews of flight crew operations; (4) consultation regarding flight crew operations; and (5) route proving flights; and

2.6.3 Boeing will provide, approximately six (6) months after completion of the flight training provided pursuant to the immediately preceding subparagraph (b), at a base designated by Customer, the services of an instructor pilot for a period of two (2) weeks to review Customer's flight crew operations or to assist Customer's instructor personnel in conducting proficiency checks, or both.

PART 2: FIELD SERVICES AND ENGINEERING SUPPORT SERVICES

1. Planning Assistance.

Boeing will provide the following additional documents and services:

1.1 Spares.

1.1.1 Recommended Spares Parts List (RSPL).

A customized RSPL, data and documents will be provided to identify spare parts required for Customer's support program.

1.1.2 Illustrated Parts Catalog (IPC)

A customized IPC in accordance with ATA 100 will be provided.

1.1.3 Provisioning Training

Provisioning training will be provided for Customer's personnel at Boeing's facilities, where documentation and technical expertise are available. Training is focused on the initial provisioning process and calculations reflected in the Boeing RSPL.

1.1.4 Spares Provisioning Conference

A provisioning conference will be conducted, normally at Boeing's facilities where technical data and personnel are available.

PART 3: TECHNICAL INFORMATION AND MATERIALS

Boeing will provide the Documents listed in Attachment A hereto in accordance with Part 3 of the Customer Support Document:

P.A. No. 1977

CS1-10

CUSTOMER SUPPORT DOCUMENT

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Attachment A to Supplemental Exhibit CS1
to Purchase Agreement Number 1977

P.A. No. 1977

Item -----	Description -----	Quantity -----
A.	FLIGHT OPERATIONS -----	
1.	Airplane Flight Manual	
a.	Advance Representative Copy	Format: 17 Printed One Side Revisions: No Delivery: 60 days after signing Purchase Agreement
b.	Customized Manual	Format: 3 Printed One Side Revisions: Yes Delivery: On-board each Aircraft
c.	Digital Performance Information (AFM-DPI)	Format: 18 Printed One Side Revisions: Yes Delivery: 30 days after delivery of first Aircraft
2.	Operations Manual and Quick Reference Handbook	
a.	Advance Representative Copy	Format: 17 Printed Two Sides Format: 1 CD-ROM Framemaker Revisions: No Delivery: 60 days after signing Purchase Agreement
b.	Customized Manual	Format: 18 Printed Two Sides Format: 1 CD-ROM Framemaker Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
3.	Weight and Balance Manual	
a.	Chapter 1 "Control"	
i.	Advance Representative Copy	Format: 7 Printed Two Sides Revisions: No Delivery: As soon as practicable
ii.	Customized Manual	Format: 9 Printed Two Sides Revisions: Yes Delivery: 120 days prior to delivery of first Aircraft
b.	Chapter 2 "Aircraft Reports"	Format: 3 Printed One Side Revisions: No Delivery: On board each Aircraft

Item -----	Description -----	Quantity -----
4.	Dispatch Deviation Guide	
a.	Advance Representative Copy	Format: 2 Printed Two Sides 2 CD-ROM Framemaker Revisions: No Delivery: 60 days after signing of Purchase Agreement
b.	Customized Dispatch Deviation Guide	Format: 14 Printed Two Sides 2 CD-ROM Framemaker Revisions: Yes Delivery: As soon as practicable, but no later than 60 days prior to delivery of first Aircraft
5.	Flight Crew Training Manual	
a.	Advance Representative Copy	Format: 12 Printed Two Sides 2 Digital format Revisions: Yes Delivery: 60 days after signing of Purchase Agreement
b.	Customized Manual	Format: 12 Printed Two Sides 2 Digital format Revisions: Yes Delivery: As soon as practicable, but no later than 60 days prior to delivery of first Aircraft
6.	Fault Reporting Manual (FRM)	
a.	Advance Representative Copy	Format: 4 Printed Two Sides Revisions: No Delivery: 90 days after signing Purchase Agreement
b.	Customized Manual	Format: 4 Printed Two Sides Revisions: Yes Delivery: Concurrent with delivery of first Aircraft
7.	Performance Engineer's Manual	Format: 5 Printed Two Sides Revisions: Yes Delivery: Concurrent with delivery of first Aircraft
8.	Jet Transport Performance Methods (Common to other models, quantity indicates total requested)	Format: 5 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of First Aircraft

Item ----	Description -----	Quantity -----	
9.	FMC Supplemental Data Document	6	Printed Two Sides
		Revisions:	Yes
		Delivery:	90 days prior to delivery of first Aircraft
10.	Operational Performance Software (OPS)		
a.	Inflight and Report	---	9 Track Magnetic (INFLT/REPORT) Software Tape in ASCII Format
		2	3.5 Inch (1.44MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications
		---	3.5 Inch (1.4MB) Macintosh Diskette
		Revisions:	Yes
		Delivery:	180 days prior to delivery of first Aircraft
b.	Airplane Performance Monitoring (APM/HISTORY) Software	---	9 Track Magnetic Tape in ASCII Format
		2	3.5 Inch (1.44MB) IBM Compatible Diskette
		---	5.25 Inch (1.2MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications
		---	3.5 Inch (1.4MB) Macintosh Diskette
		Revisions:	Yes
		Delivery:	120 days prior to delivery of first Aircraft

Item -----	Description -----	Quantity -----
c.	Takeoff Analysis Software Boeing Takeoff Module (BTM)	Format: _____ 9 Track Magnetic Tape in ASCII Format 3 3.5 Inch 1.44MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications _____ 5.25 Inch (1.2MB) IBM Compatible Diskette _____ 3.5 Inch (1.4MB) Macintosh Diskette Revisions: Yes Delivery: 180 days prior to delivery of first Aircraft
d.	Landing Analysis Software Boeing Landing Module (BLM)	Format: _____ 9 Track Magnetic Tape in ASCII Format 3 3.5 Inch 1.44MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications _____ 5.25 Inch (1.2MB) IBM Compatible Diskette _____ 3.5 Inch (1.4MB) Macintosh Diskette Revisions: Yes Delivery: 180 days prior to delivery of first Aircraft
e.	Climbout Analysis Software	Format: 1 3.5 Inch (1.44MB) IBM compatible diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications Revisions: Yes Delivery: as soon as practicable, but no later than concurrent with delivery of first Aircraft
11.	ETOPS Guide Vol. III (Operational Guidelines and Methods)	Format: 15 Printed Two Sides Revisions: No Delivery: 90 days after signing Purchase Agreement
B.	MAINTENANCE	
1.	Aircraft Maintenance Manual	
a.	Advance Representative Copy (Check One)	Format: 1 Printed 1 Microfilm, 16mm Master 1 Digital Format Delivery: 90 days after signing Purchase Agreement

Item -----	Description -----		Quantity -----	
b.	Customized Master			
	Check if required:	X	2	Microfilm, 16mm Master
	Check if required:	X	2	Digital Format
			Revisions:	Yes
			Delivery:	90 days prior to delivery of first Aircraft
c.	Customized Manual		Format:	1 Printed Two Sides ----- 1 Printed One Side 1 Microfilm, 16mm Master
			Revisions:	Yes
			Delivery:	90 days prior to delivery of first Aircraft
2.	Wiring Diagram Manual			
a.	Advance Representative Copy		Format:	----- Printed 1 Microfilm, 16mm Duplicate
			Revisions:	No
			Delivery:	90 days after signing Purchase Agreement
b.	Customized Master			
	Check if required:	X	1	35mm Aperture Cards of All Wiring Diagrams and Charts
	Check if required:	X	1	EDP Portion, 16mm Microfilm Master
	Check if required:	X	2	Entire Manual, 16mm Microfilm Master
	Check if required:	X	2	Digital Format
			Revisions:	Yes, until 90 days after delivery of last Aircraft
			Delivery:	Concurrent with delivery of first Aircraft

Item	Description	Quantity
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c.	Customized Manual	Format: 1 Standard Printed Copies of Entire Manual _____ Standard Printed Copies of all Sections Except EDP Portion _____ EDP Portion, 16mm Microfilm Master 1 Entire Manual, 16mm Microfilm Master Revisions: Yes, until 90 days after delivery of last Aircraft Delivery: Concurrent with delivery of first Aircraft
3.	System Schematics Manual	
a.	Advance Representative Copy	Format: 2 Printed Revisions: No Delivery: 90 days after signing Purchase Agreement
b.	Customized Master	
	Check if required: X	1 35mm Aperture Cards of all Schematics
	Check if required: X	2 Digital Format
		Revisions: Yes, until 90 days after delivery of last Aircraft only Delivery: Concurrent with delivery of first Aircraft
c.	Customized Manual	Format: 100 Printed Two Sides Revisions: Yes, until 90 days after delivery of last Aircraft only _____ Microfilm, 16mm Duplicate 1 Microfilm, 16mm Master Delivery: Concurrent with delivery of first Aircraft
4.	Connector Part Number Options Document	Format: 4 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft

Item	Description	Quantity	
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5.	Structural Repair Manual	Format:	1 Printed Two Sides _____ Printed One Side _____ Microfilm, 16mm Duplicate
	Check if required:	X	2 Microfilm, 16mm Master
	Check if required:	X	2 Magnetic Tape _____ Text (Print File Format _____ Illustrations (CGM Format)
			Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft
6.	Component Maintenance/ Overhaul Manual	Format:	15 Printed Two Sides 7 Microfilm, 16mm Duplicate 2 Microfilm, 16mm Master
			Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft
7.	Chapter 20 Standard Overhaul Practices Manual (Common to other models, quantity indicates total requested)	Format:	7 Printed Two Sides 1 Printed One Side _____ Microfilm, 16mm Duplicate 2 Microfilm, 16mm Master
	Check if required:	X	Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft
8.	Chapter 20 Standard Wiring Practices Manual (Common to other models, quantity indicates total requested)	Format:	_____ Printed Two Sides 1 Microfilm, 16mm Duplicate 1 Digital Format 1 Microfilm, 16mm Master
	Check if required:	X	Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft

Item ----	Description -----		Quantity -----	
9.	Nondestructive Test Manual	Format:	3	Printed Two Sides
			2	Printed One Side
	Check if required:	X	2	Microfilm, 16mm Duplicate
	Check if required:	X	1	Microfilm, 16mm Master
			1	Magnetic Tape
				Text (Print File Format)
				Illustrations (CGM Format)
		Revisions:	Yes	
		Delivery:	90 days prior to delivery of first Aircraft	
10.	Service Bulletins	Format:	15	Printed Two Sides
				Digital Format
		Revisions:	Yes	
		Delivery:	As developed by Boeing	
11.	Service Bulletin Index	Format:	4	Printed Two Sides
		Revisions:	Yes	
		Delivery:	90 days prior to delivery of first Aircraft	
12.	Corrosion Prevention Manual	Format:		Printed Two Sides
				Printed One Side
			8	Microfilm, 16mm Duplicate
	Check if required:	X	2	Microfilm, 16mm Master
	Check if required:	X	1	Magnetic Tape
				Text (Print File Format)
				Illustrations (CGM Format)
		Revisions:	Yes	
		Delivery:	90 days prior to delivery of first Aircraft	

Item -----	Description -----	Quantity -----
13.	Fault Isolation Manual	
a.	Advance Representative Copy	Format: 1 Printed Two Sides Digital Format Revisions: No Delivery: 90 days after signing Purchase Agreement
b.	Customized Manual	
	Check if required: X	Format: 2 Printed Two Sides 40 Microfilm, 16mm Duplicate Revisions: Yes Delivery: Concurrent with delivery of first Aircraft
14.	Power Plant Buildup Manual	
	Check if required: X	Format: 6 Printed Two Sides 1 Printed One Side Microfilm, 16mm Duplicate 1 Microfilm, 16mm Master 1 Digital Format Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
15.	FMS BITE Manual	
a.	Advance Representative Copy	Format: 1 Printed Two Sides Revisions: No Delivery: 90 days after signing Purchase Agreement
b.	Customized Manual	Format: 150 Printed Two Sides Microfilm, 16mm Duplicate Microfilm, 16mm Master Delivery: 90 days prior to delivery of first Aircraft
16.	In Service Activities Report	Format: 26 Printed Two Sides Revisions: No Delivery: Issued Quarterly

Item -----	Description -----	Quantity -----	
17.	All Operator Letter	Format:	26 Printed One or Two Sides
		Revisions:	Yes
		Delivery:	As developed by Boeing
18.	Service Letters	Format:	26 Printed One or Two Sides
		Revisions:	Yes
		Delivery:	As developed by Boeing
19.	Structural Item Interim Advisory	Format:	10 Printed One or Two Sides
		Revisions:	Yes
		Delivery:	As developed by Boeing
20.	Configuration Change Support Data	Format:	25 Printed Two Sides
		Revisions:	Yes
		Delivery:	45 days prior to delivery of affected Aircraft
21.	Maintenance Tips	Format:	27 Printed One or Two Sides
		Revisions:	Yes
		Delivery:	As developed by Boeing
22.	Combined Index	Format:	6 Printed Two Sides
		---	Digital Format
23.	Production Management Database	Format:	1 Digital Format
C.	MAINTENANCE PLANNING		
1.	Maintenance Planning Data (MPD) Documents	Format:	9 Printed Two Sides
			2 Microfilm, 16mm Duplicate
		Revisions:	Yes
		Delivery:	90 days after signing Purchase Agreement

Item -----	Description -----	Quantity -----
2.	Maintenance Planning Data Tasks Masterfile	Format: 2 Digital Format Revisions: Yes Delivery: 90 days after signing Purchase Agreement
3.	Maintenance Task Cards	
a.	Advance Representative Copy	Format: 1 Printed One Side Revisions: No Delivery: 90 days after signing Purchase Agreement
b.	Customized Masters	
	Check if required: X	Format: 1 Microfilm, 16mm Master
	Check if required: X	2 Digital Format
c.	Customized Cards	Format: 1 Printed One Side Microfilm, 16mm Duplicate Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
4.	Maintenance Inspection Interval Reports (Common with other models quantity indicates total requested)	Format: 4 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
5.	Maintenance Review Board Report	Format: 6 Printed Two Sides Revisions: Annual Delivery: 90 days prior to delivery of first Aircraft
D.	SPARES	
1.	Illustrated Parts Catalog (Select one format only)	Format: 1 Digital 1(*) Printed Two Sides Printed One Side Microfilm, 16mm Duplicate 2 Microfilm, 16mm Master Revisions: Yes, until 90 days after delivery of last Aircraft only Delivery: 90 days prior to delivery of first Aircraft
	Check if required: X *Revision service only	

Item -----	Description -----	Quantity -----
2.	Standards Books (Unless previously provided pursuant to other agreements, in which case applicable supplements will be provided) (Select one format only)	Format: _____ 30 Printed Two Sides Microfilm, 16mm Duplicate Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
E. FACILITIES AND EQUIPMENT PLANNING		
1.	Facilities and Equipment Planning documents	Format: 8 Printed Two Sides Revisions: Yes Delivery: 90 days after signing Purchase Agreement
2.	Special Tool and Ground Handling Equipment Drawings	Format: 1 Microfilm, 35mm duplicate in Aperture Card Format On-line via BOLD as available and as covered by separate BOLD license agreement Delivery: 90 days prior to delivery of first Aircraft
3.	Special Tool and Ground Handling Equipment Drawing Index	Format: 1 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
4.	Supplementary Tooling Documentation (Common to other models, quantity indicated total requested)	Format: 2 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft

Item -----	Description -----		Quantity -----
5.	Illustrated Tool and Equipment List/Manual	Format:	— Printed One Side
			2 Printed Two Sides
			15 Microfilm, 16mm Duplicate
			2 Microfilm, 16mm Master
	Check if Required	X	
		Revisions:	Yes
		Delivery:	90 days prior to delivery of first Aircraft
6.	Aircraft Recovery Document	Format:	10 Printed Two Sides
		Revisions:	Yes
		Delivery:	90 days prior to delivery of first Aircraft
7.	Airplane Characteristics for Airport Planning	Format:	6 Printed Two Sides
		Revisions:	Yes
		Delivery:	90 days prior to delivery of first Aircraft
8.	Airplane Rescue and Fire Fighting Document (Common to other models, quantity indicates total required)	Format:	1 Printed Two Sides
		Revisions:	Yes
		Delivery:	90 days prior to delivery of first Aircraft
9.	Engine Ground Handling Document	Format:	4 Printed Two Sides
		Revisions:	Yes
		Delivery:	90 days after signing Purchase Agreement
F.	Configuration, Maintenance and Procedure for Extended Range Operations	Format:	21 Printed Two Sides
		Revisions:	Yes
		Delivery:	90 days prior to delivery of first Aircraft
G.	ETOPS Guide Vol. I (Configuration, Maintenance and Procedures Supplement)	Format:	21 Printed Two Sides
		Revisions:	No
		Delivery:	90 days after signing Purchase Agreement
H.	ETOPS Guide Vol. II (Maintenance Programs Guidelines) (Common to other models, quantity indicates total required)	Format:	21 Printed Two Sides
		Revisions:	No
		Delivery:	90 days after signing Purchase Agreement
I.	Computer Software Index (Common to other models, quantity indicates total required)	Format:	1 Printed Two Sides
		Revisions:	Yes
		Delivery:	Concurrent with delivery of first Aircraft

Item	Description	Quantity
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J.	SUPPLIER TECHNICAL DATA	
1.	Service Bulletins	15
2.	Ground Support Equipment Data	5
3.	Provisioning Information	5
4.	Component Maintenance/ Overhaul Manuals	15
5.	Component Maintenance/ Overhaul Manuals Index (Common to other models, quantity indicates total required)	5
6.	Publications Index	2
7.	Product Support Supplier Directory (Common to other models, quantity indicates total required)	6

P.A. No. 1977

SERVICE LIFE POLICY COMPONENTS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit SLP1 to Purchase Agreement Number 1977

P.A. No. 1977

SLP1

SERVICE LIFE POLICY COMPONENTS

relating to

BOEING MODEL 737 AIRCRAFT

This is the listing of SLP Components for the Aircraft which relate to Part 3, "Boeing Service Life Policy" of the Product Assurance Document, and is a part of Purchase Agreement No. 1977

1. Wing.
 - (a) Upper and lower skins including fixed leading edge and trailing edge skins and panels [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] and stiffeners.
 - (b) Wing spar webs, chords and stiffeners.
 - (c) Inspar wing ribs.
 - (d) Inspar splice plates and fittings.
 - (e) Main landing gear support structure.
 - (f) Wing center section floor beams, lower beams and spanwise beams, but not the seat tracks attached to floor beams.
 - (g) Engine strut support fittings attached directly to wing primary structure.
 - (h) Wing-to-body structural attachments.
 - (i) Support structure in the wing for spoilers and spoiler actuators; for aileron hinges and reaction links; and for leading edge devices and trailing edge flaps.
 - (j) Trailing edge flap tracks and carriages.
 - (k) Fixed attachment and actuator support structure for aileron, leading edge device and trailing edge flap internal.

2. Body.

- (a) External surface skins and doublers, longitudinal stiffeners, longerons and circumferential rings and frames between the forward pressure bulkhead and the vertical stabilizer rear spar bulkhead and structural support and enclosure for the auxiliary power unit but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (b) Window and windshield structure but excluding the windows and windshields.
- (c) Fixed attachment structure of the passenger doors, cargo doors and emergency exits, excluding door mechanisms and movable hinge components. Sills and frames around the body openings for the passenger doors, cargo doors and emergency exits, excluding scuff plates and pressure seals.
- (d) Nose wheel well structure, including the wheel well walls, pressure deck, bulkheads, and gear support structure.
- (e) Main gear wheel well structure including pressure deck and landing gear beam support structure.
- (f) Floor beams and support posts in the control cab and passenger cabin area, but excluding seat tracks.
- (g) Forward and aft pressure bulkheads.
- (h) Keel structure between the wing front spar bulkhead and the main gear wheel well aft bulkhead including splices.
- (i) Wing front and rear spar support bulkheads, and vertical and horizontal stabilizer front and rear spar support bulkheads including terminal fittings but excluding all system components and related installation and connecting devices, insulation, lining, decorative panels and related installation and connecting devices.
- (j) Support structure in the body for the stabilizer pivot and stabilizer screw.

3. Vertical Stabilizer.

- (a) External skins between front and rear spars.

- (b) Front, rear and auxiliary spar chords, webs and stiffeners and attachment fittings.
- (c) Inspar ribs.
- (d) Rudder hinges and supporting ribs, excluding bearings.
- (e) Support structure in the vertical stabilizer for rudder hinges, reaction links and actuators.
- (f) Support structure for rudder internal, fixed attachment and actuator.

4. Horizontal Stabilizer.

- (a) External skins between front and rear spars.
- (b) Front and rear spar chords, webs and stiffeners.
- (c) Inspar ribs.
- (d) Stabilizer center section including hinge and screw support structure.
- (e) Support structure in the horizontal stabilizer for the elevator hinges, reaction links and actuators.
- (f) Support structure for elevator internal, fixed attachment and actuator.

5. Engine Strut.

- (a) Strut external surface skin and doublers and stiffeners.
- (b) Internal strut chords, frames and bulkheads.
- (c) Strut to wing fittings and diagonal brace.
- (d) Engine mount support fittings attached directly to strut structure and including the engine-mounted support fittings.

6. Main Landing Gear.

- (a) Outer cylinder.
- (b) Inner cylinder, including axles.

- (c) Upper and lower side struts, including spindles, universals and reaction links.
- (d) Drag strut.
- (e) Bell crank.
- (f) Orifice support tube.
- (g) Trunnion link.
- (h) Downlock links including spindles and universals.
- (i) Torsion links.
- (j) Actuator beam, support link and beam arm.

7. Nose Landing Gear.

- (a) Outer cylinder.
- (b) Inner cylinder, including axles.
- (c) Orifice support tube.
- (d) Upper and lower drag strut, including lock links.
- (e) Steering plates and steering collars.
- (f) Torsion links.

NOTE: The Service Life Policy does not cover any bearings, bolts, bushings, clamps, brackets, actuating mechanisms or latching mechanisms used in or on the SLP Components.

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit EE1 to Purchase Agreement Number 1977

P.A. No. 1977

EE1

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

relating to

BOEING MODEL 737-823 AIRCRAFT

1. ENGINE ESCALATION. No separate Engine escalation methodology is defined for the 737-823 Aircraft. Pursuant to the AGTA, the Engine Prices for these Aircraft are included in and will be escalated in the same manner as the airframe.

2. ENGINE WARRANTY AND PRODUCT SUPPORT PLAN. Boeing has obtained from CFM International, Inc. (or CFM International, S.A., as the case may be) (CFM) the right to extend to Customer the provisions of CFM's warranty as set forth below (herein referred to as the "Warranty"); subject, however, to Customer's acceptance of the conditions set forth herein. Accordingly, Boeing hereby extends to Customer and Customer hereby accepts the provisions of CFM's Warranty as hereinafter set forth, and such Warranty shall apply to all CFM56-7 type Engines (including all Modules and Parts thereof) installed in the Aircraft at the time of delivery or purchased from Boeing by Customer for support of the Aircraft except that, if Customer and CFM have executed, or hereafter execute, a General Terms Agreement or other agreement for the support of the Engines then the terms of that agreement shall be substituted for and supersede the provisions of Sections 2.1 through 2.10 below, and Sections 2.1 through 2.10 below shall be of no force or effect and neither Boeing nor CFM shall have any obligation arising therefrom. In consideration for Boeing's extension of the CFM Warranty to Customer, Customer hereby releases and discharges Boeing from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such CFM56-7 type Engines and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities. In addition, Customer hereby releases and discharges CFM from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such CFM56-7 type Engines except as otherwise expressly assumed by CFM in such CFM Warranty, General Terms Agreement or other agreement for the support of the engines between Customer and CFM and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities.

2.1 Title. CFM warrants that at the date of delivery, CFM has legal title to and good and lawful right to sell its CFM56-7 type Engine and Products and furthermore warrants that such title is free and clear of all claims, liens and encumbrances of any nature whatsoever.

2.2 Patents.

2.2.1 CFM shall handle all claims and defend any suit or proceeding brought against Customer insofar as based on a claim that any product or part furnished under this Purchase Agreement constitutes an infringement of any patent of the United States, and shall pay all damages and costs awarded therein against Customer. This Section shall not apply to any product or any part manufactured to Customer's design or to the aircraft manufacturer's design. As to such product or part, CFM assumes no liability for patent infringement.

2.2.2 CFM's liability hereunder is conditioned upon Customer promptly notifying CFM in writing and giving CFM authority, information and assistance (at CFM's expense) for the defense of any suit. In case said equipment or part is held in such suit to constitute infringement and the use of said equipment or part is enjoined, CFM shall expeditiously, at its own expense and at its option, either (i) procure for Customer the rights to continue using said product or part; (ii) replace the same with a satisfactory and noninfringing product or part; or (iii) modify the same so it becomes satisfactory and noninfringing. The foregoing shall constitute the sole remedy of Customer and the sole liability of CFM for patent infringement.

2.2.3 The above provisions also apply to products which are the same as those covered by this Purchase Agreement and are delivered to Customer as part of the installed equipment on CFM56-7 powered Aircraft.

2.3 Initial Warranty. CFM warrants that CFM56-7 Engine products will conform to CFM's applicable specifications and will be free from defects in material and workmanship prior to Customer's initial use of such products.

2.4 Warranty Pass-On.

2.4.1 If requested by Customer and agreed to by CFM in writing, CFM will extend warranty support for Engines sold by Customer to commercial airline operators, or to other aircraft operators. Such warranty support will be limited to the New Engine Warranty, New Parts Warranty, Ultimate Life Warranty and Campaign Change Warranty and will require such operator(s) to agree in writing to be bound by and comply with all the terms and conditions, including the limitations, applicable to such warranties.

2.4.2 Any warranties set forth herein shall not be transferable to a third party, merging company or an acquiring entity of Customer.

2.4.3 In the event Customer is merged with, or acquired by, another aircraft operator which has a general terms agreement with CFM, the Warranties as set forth herein shall apply to the Engines, Modules, and Parts.

2.5 New Engine Warranty.

2.5.1 CFM warrants each new Engine and Module against Failure for the initial 3000 Flight Hours as follows:

(i) Parts Credit Allowance will be granted for any Failed Parts.

(ii) Labor Allowance for disassembly, reassembly, test and Parts repair of any new Engine Part will be granted for replacement of Failed Parts.

(iii) Such Parts Credit Allowance, test and Labor Allowance will be: 100% from new to 2500 Flight Hours and decreasing pro rata from 100% at 2500 Flight Hours to zero percent at 3000 Flight Hours.

2.5.2 As an alternative to the above allowances, CFM shall, upon request of Customer:

(i) Arrange to have the failed Engines and Modules repaired, as appropriate, at a facility designated by CFM at no charge to Customer for the first 2500 Flight Hours and at a charge to Customer increasing pro rata from zero percent of CFM's repair cost at 2500 Flight Hours to 100% of such CFM repair costs at 3000 Flight Hours.

(ii) Transportation to and from the designated facility shall be at Customer's expense.

2.6 New Parts Warranty. In addition to the warranty granted for new Engines and new Modules, CFM warrants Engine and Module Parts as follows:

2.6.1 During the first 1000 Flight Hours for such Parts and Expendable Parts, CFM will grant 100% Parts Credit Allowance or Labor Allowance for repair labor for failed Parts.

2.6.2 CFM will grant a pro rata Parts Credit Allowance for Scrapped Parts decreasing from 100% at 1000 Flight Hours Part Time to zero percent at the applicable hours designated in Table 1.

2.7 Ultimate Life Warranty.

2.7.1 CFM warrants Ultimate Life limits on the

following Parts:

- (i) Fan and Compressor Disks/Drums
- (ii) Fan and Compressor Shafts
- (iii) Compressor Discharge Pressure Seal (CDP)
- (iv) Turbine Disks
- (v) HPT Forward and Stub Shaft
- (vi) LPT Driving Cone
- (vii) LPT Shaft and Stub Shaft

2.7.2 CFM will grant a pro rata Parts Credit Allowance decreasing from 100% when new to zero percent at 25,000 Flight Hours or 15,000 Flight Cycles, whichever comes earlier. Credit will be granted only when such Parts are permanently removed from service by a CFM or a U.S. and/or French Government imposed Ultimate Life limitation of less than 25,000 Flight Hours or 15,000 Flight Cycles.

2.8 Campaign Change Warranty.

2.8.1 A campaign change will be declared by CFM when a new Part design introduction, Part modification, Part Inspection, or premature replacement of an Engine or Module is required by a mandatory time compliance CFM Service Bulletin or FAA Airworthiness Directive. Campaign change may also be declared for CFM Service Bulletins requesting new Part introduction no later than the next Engine or Module shop visit. CFM will grant following Parts Credit Allowances:

Engines and Modules

(i) 100% for Parts in inventory or removed from service when new or with 2500 Flight Hours or less total Part Time.

(ii) 50% for Parts in inventory or removed from service with over 2500 Flight Hours since new, regardless of warranty status.

2.8.2 Labor Allowance - CFM will grant 100% Labor Allowance for disassembly, reassembly, modification, testing, or Inspection of CFM supplied Engines, Modules, or Parts therefor when such action is required to comply with a mandatory time compliance CFM Service Bulletin or FAA Airworthiness Directive. A Labor Allowance will be granted by CFM for other CFM issued Service Bulletins if so specified in such Service Bulletins.

2.8.3 Life Controlled Rotating Parts retired by Ultimate Life limits including FAA and/or DGAC Airworthiness Directive, are excluded from Campaign Change Warranty.

2.9 Limitations. THE PROVISIONS SET FORTH HEREIN ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL OR IMPLIED. THERE ARE NO IMPLIED WARRANTIES OF FITNESS OR MERCHANTABILITY. SAID PROVISIONS SET FORTH THE MAXIMUM LIABILITY OF CFM WITH RESPECT TO CLAIMS OF ANY KIND, INCLUDING NEGLIGENCE, ARISING OUT OF MANUFACTURE, SALE, POSSESSION, USE OR HANDLING OF THE PRODUCTS OR PARTS THEREOF OR THEREFOR, AND IN NO EVENT SHALL CFM'S LIABILITY TO CUSTOMER EXCEED THE PURCHASE PRICE OF THE PRODUCT GIVING RISE TO CUSTOMER'S CLAIM OR INCLUDE INCIDENTAL OR CONSEQUENTIAL DAMAGES.

2.10 Indemnity and Contribution.

2.10.1 IN THE EVENT CUSTOMER ASSERTS A CLAIM AGAINST A THIRD PARTY FOR DAMAGES OF THE TYPE LIMITED OR EXCLUDED IN LIMITATIONS, SECTION 2.9 ABOVE, CUSTOMER SHALL INDEMNIFY AND HOLD CFM HARMLESS FROM AND AGAINST ANY CLAIM BY OR LIABILITY TO SUCH THIRD PARTY FOR CONTRIBUTION OR INDEMNITY, INCLUDING COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) INCIDENT THERETO OR INCIDENT TO ESTABLISHING SUCCESSFULLY THE RIGHT TO INDEMNIFICATION UNDER THIS PROVISION. THIS INDEMNITY SHALL APPLY WHETHER OR NOT SUCH DAMAGES WERE OCCASIONED IN WHOLE OR IN PART BY THE FAULT OR NEGLIGENCE OF CFM, WHETHER ACTIVE, PASSIVE OR IMPUTED.

2.10.2 CUSTOMER SHALL INDEMNIFY AND HOLD CFM HARMLESS FROM ANY DAMAGE, LOSS, CLAIM, AND LIABILITY OF ANY KIND (INCLUDING EXPENSES OF LITIGATION AND ATTORNEYS' FEES) FOR PHYSICAL INJURY TO OR DEATH OF ANY PERSON, OR FOR PROPERTY DAMAGE OF ANY TYPE, ARISING OUT OF THE ALLEGED DEFECTIVE NATURE OF ANY PRODUCT OR SERVICE FURNISHED UNDER THIS AGREEMENT, TO THE EXTENT THAT THE PAYMENTS MADE OR REQUIRED TO BE MADE BY CFM EXCEED ITS ALLOCATED SHARE OF THE TOTAL FAULT OR LEGAL RESPONSIBILITY OF ALL PERSONS ALLEGED TO HAVE CAUSED SUCH DAMAGE, LOSS, CLAIM, OR LIABILITY BECAUSE OF A LIMITATION OF LIABILITY ASSERTED BY CUSTOMER OR BECAUSE CUSTOMER DID NOT APPEAR IN AN ACTION BROUGHT AGAINST CFM. CUSTOMER'S OBLIGATION TO INDEMNIFY CFM HEREUNDER SHALL BE APPLICABLE AT SUCH TIME AS CFM IS REQUIRED TO MAKE PAYMENT PURSUANT TO A FINAL JUDGEMENT IN AN ACTION OR PROCEEDING IN

WHICH CFM WAS A PARTY, PERSONALLY APPEARED, AND HAD THE OPPORTUNITY TO DEFEND ITSELF. THIS INDEMNITY SHALL APPLY WHETHER OR NOT CUSTOMER'S LIABILITY IS OTHERWISE LIMITED.

3. SEPARATE AGREEMENT. Notwithstanding the terms of Section 2, all of the terms of Section 2 shall be deemed null and void and of no force or effect upon written notice to Boeing from Customer that Customer has entered into a General Terms Agreement or other agreement for the support of the Engines directly with CFM. Such notice shall specifically reference this Section.

TABLE 1
737X
CFM56 WARRANTY PARTS LIST
FLIGHT HOURS

	Flight Hours					
	2000	3000	4000	6000	8000	12000
	----	----	----	----	----	-----
Fan Rotor/Booster						
Blades		X				
Disk, Drum						X
Spinner		X				
Fan Frame						
Casing					X	
Hub & Struts			X			
Fairings			X			
Splitter (Mid Ring)			X			
Vanes		X				
Engine Mount			X			
No. 1 & No. 2 Bearing Support						
Bearings			X			
Shaft						X
Support (Case)			X			
Inlet Gearbox & No. 3 Bearing						
Bearings			X			
Gear			X			
Case			X			
Compressor Rotor						
Blades		X				
Disk & Drums						X
Shaft						X
Compressor Stator						
Casing					X	
Shrouds		X				
Vanes		X				
Variable Stator Actuating Rings		X				
Combustor Diffuser Nozzle (CDN)						
Casings		X				
Combustor Liners		X				
Fuel Atomizer		X				
HPT Nozzle		X				
HPT Nozzle Support			X			
HPT Shroud		X				

TABLE 1
737X
CFM56 WARRANTY PARTS LIST
(continued)

	Flight Hours					
	2000	3000	4000	6000	8000	12000
	----	----	----	----	----	-----
HPT Rotor						
Blades			X			
Disks						X
Shafts						X
Retaining Ring		X				
LP Turbine						
Casing				X		
Vane Assemblies		X				
Interstage Seals		X				
Shrouds		X				
Disks					X	
Shaft						X
Bearings			X			
Blades		X				
Turbine Frame						
Casing & Struts				X		
Hub			X			
Sump			X			
Accessory & Transfer Gearboxes						
Case			X			
Shafts			X			
Gears			X			
Bearings			X			
Air-Oil Seals		X				
Controls & Accessories						
Engine	X					
Condition Monitoring Equipment	X					

PURCHASE AGREEMENT NO. 1978

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

DATED AS OF OCTOBER __, 1997

RELATING TO BOEING MODEL 757-223 AIRCRAFT

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LETTER AGREEMENTS

Letter Agreement No. 6-1162-AKP-070

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-071

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-072

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-073

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-088

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-089

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-090

Aircraft Performance Guarantees

P.A. No. 1978

Letter Agreement No. 6-1162-AKP-091

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-092

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-093

Escalation Sharing

Letter Agreement No. 6-1162-AKP-094

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-095

Price Adjustment on Rolls Royce Engines

Letter Agreement No. 6-1162-AKP-097

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-117

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

Purchase Agreement No. 1978

between

The Boeing Company

and

American Airlines, Inc.

This Purchase Agreement No. 1978 dated as of October __, 1997 between The Boeing Company and American Airlines, Inc. relating to the purchase and sale of Model 757-223 Aircraft hereby expressly incorporates by reference all of the terms and conditions of the AGTA.

Article 1. Quantity, Model and Description.

Boeing will manufacture and sell to Customer, and Customer will purchase, the Aircraft conforming to the Detail Specification, all in accordance with the terms of this Purchase Agreement. The quantity of Aircraft is specified in the Table 1 attached hereto and made a part hereof for all purposes.

Article 2. Delivery Schedule.

The Scheduled Delivery Months of the Aircraft are as listed in the attached Table 1.

Article 3. Price.

3.1 Basic Price. The Aircraft Basic Price (in 1995 dollars and subject to escalation in accordance with the applicable provisions of the Purchase Agreement) for each Aircraft is listed in Table 1.

3.2 Advance Payment Base Price. The Advance Payment Base Price for each Aircraft is listed in Table 1.

3.3 Aircraft and Advance Payment Price Components. The components of the Aircraft Basic Price and the calculation of the Advance Payment Base Prices for the Aircraft are listed in Table 1.

Article 4. Payment.

4.1 Deposit. Boeing acknowledges receipt of a Deposit in the amount of \$100,000 for each Aircraft.

4.2 Advance Payments. Customer will make Advance Payments to Boeing in the amount of 30% of the Advance Payment Base Price of each Aircraft in accordance with the payment schedule set forth in the attached Table 1, beginning with a payment of 1%, less the Deposit, on the date of full execution of this Purchase Agreement. Additional Advance Payments for each Aircraft are due on the first business day of the months and in the amounts listed in the attached Table 1.

4.3 Advanced Payments Due. For any Aircraft whose Scheduled Delivery Month is less than 24 months from the date of this Purchase Agreement, the total amount of Advance Payments due upon the date of full execution of this Purchase Agreement will include all Advance Payments which are or were due on or before that date in accordance with the Advance Payment schedule set forth in the attached Table 1.

4.4 Payment of Balance. Customer will pay the balance of the Aircraft Price of each Aircraft, less the total amount of Advance Payments and Deposits received by Boeing for such Aircraft, at delivery in accordance with the terms and conditions of the Purchase Agreement.

Article 5. Miscellaneous.

5.1 Aircraft Information Table. Table 1 contains and consolidates information contained in Articles 1, 2 and 3 of this Purchase Agreement with respect to (i) quantity of Aircraft, (ii) applicable Detail Specification, (iii) Scheduled Delivery Months, (iv) Aircraft Basic Price, (v) applicable escalation factors, (vi) Advance Payment Base Prices, and (vii) Advance Payments and their schedules.

5.2 Aircraft Configuration. Exhibit A to this Purchase Agreement contains the configuration information for the Aircraft including the Detail Specification and Optional Features.

5.3 Aircraft Delivery Requirements and Responsibilities. Exhibit B to this Purchase Agreement contains certain documentation and approval responsibilities of Customer and Boeing.

5.4 Defined Terms. Exhibit C to this Purchase Agreement contains certain defined terms used in the AGTA or elsewhere in this Purchase Agreement. All capitalized terms used in this Purchase Agreement but not otherwise defined shall have the meaning set forth in Exhibit C to this Purchase Agreement or elsewhere in such Purchase Agreement.

5.5 BFE Variables. Supplemental Exhibit BFE1 to this

Purchase Agreement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft pursuant to the BFE Provisions Document.

5.6 Customer Support Variables. Supplemental Exhibit CS1

to this Purchase Agreement contains the variable information applicable to goods and services furnished by Boeing in support of the Aircraft pursuant to the Customer Support Document.

5.7 SLP Components. Supplemental Exhibit SLP1 to this

Purchase Agreement lists the airframe, landing gear and other components covered by the Service Life Policy for the Aircraft as defined in Part 3 of the Product Assurance Document.

5.8 Engine Escalation Variables. Supplemental Exhibit EE1

to this Purchase Agreement contains the applicable escalation formula, warranty, and the patent indemnity for the Engines.

5.9 Negotiated Agreement; Entire Agreement. This Purchase

Agreement including, without limitation, the provisions of Article 8 of the AGTA relating to indemnification and insurance, and Section 11 of Part 2 of the Product Assurance Document relating to DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES has been the subject of discussion and negotiation and is understood by the parties. The Aircraft Price and other agreements of the parties stated in this Purchase Agreement were arrived at in consideration of such provisions. This Purchase Agreement contains the entire agreement between the parties and supersedes all previous proposals, understandings, commitments or representations whatsoever, oral or written, and may be changed only in writing signed by authorized representatives of the parties.

* * * * *

DATED AS OF THE DATE FIRST ABOVE WRITTEN

AMERICAN AIRLINES, INC.

THE BOEING COMPANY

By

By

Its

Its

TABLE 1 TO
PURCHASE AGREEMENT NO. 1978
757-223 AIRCRAFT DELIVERY, DESCRIPTION, PRICE AND ADVANCE PAYMENTS

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit A to Purchase Agreement Number 1978

P.A. No. 1978

A

AIRCRAFT CONFIGURATION

Dated October ____, 1997

relating to

BOEING MODEL 757-223 AIRCRAFT

The configuration of the Aircraft is described in Detail Specification D6-44010-75, Revision S, dated March 29, 1996, as amended to incorporate the applicable specification language which reflects the changes listed below, including the effects of such changes on the Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). The current revision of the above Detail Specification D6-44010-75 will be further revised under future change orders to reflect the effects of additional changes and features as may be selected by Customer concurrent with, or subsequent to, execution of this Purchase Agreement.

P.A. No. 1978

A-1

CR/Title	Price per A/P 1995\$ (8 A/P)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH
THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

A-2

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit B to Purchase Agreement Number 1978

P.A. No. 1978

B

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

relating to

BOEING MODEL 757-223 AIRCRAFT

Both Boeing and Customer have certain documentation and approval responsibilities at various times during the construction cycle of Customer's Aircraft that are critical to making the delivery of each Aircraft a positive experience for both parties. This Exhibit B documents those responsibilities and indicates recommended completion deadlines for the actions to be accomplished.

1. GOVERNMENT DOCUMENTATION REQUIREMENTS.

Certain actions are required to be taken by Customer in advance of the Scheduled Delivery Month of each Aircraft with respect to obtaining certain government issued documentation.

1.1 Registration Documents.

Not later than 6 months prior to delivery of each Aircraft, Customer will notify Boeing of the registration number to be painted on the side of the Aircraft. In addition, and not later than 3 months prior to delivery of each Aircraft, Customer will, by letter to the regulatory authority having jurisdiction, authorize the temporary use of such registration number by Boeing during the pre-delivery testing of the Aircraft. Customer is responsible for furnishing any temporary or permanent registration certificates required by any Governmental Authority having jurisdiction to be displayed aboard the Aircraft after delivery.

1.2 Certificate of Sanitary Construction.

Boeing will obtain from the United States Public Health Service prior to delivery of each Aircraft a United States Certificate of Sanitary Construction for the Aircraft being delivered. The certificate will be delivered to Customer at delivery of each Aircraft, and Customer will display such certificate (or a written statement of the location of the original certificate) aboard each Aircraft after delivery to Customer.

2. INSURANCE CERTIFICATES.

Insurance certificate requirements are defined in Article 8 of the AGTA.

3. FLYAWAY CONFIGURATION AND FERRY FLIGHT INFORMATION.

3.1 Flyaway Configuration Notice.

Not later than 14 days prior to delivery of the Aircraft, Customer will provide to Boeing a configuration letter stating the requested flyaway configuration of the Aircraft for its ferry flight. This configuration letter should include:

(i) the name of the company which is to furnish fuel for the ferry flight and any scheduled post-delivery flight training, the method of payment for such fuel, and fuel load for the ferry flight;

(ii) the cargo to be loaded and where it is to be stowed on board the Aircraft and address where cargo is to be shipped after flyaway; and

(iii) any BFE equipment to be removed prior to flyaway and returned to Boeing BFE stores for installation on Customer's subsequent Aircraft.

The information contained in such configuration letter may be changed from time to time by the mutual consent of Boeing and Customer.

3.2 Ferry Flight Information.

Customer will provide to Boeing at least 24 hours prior to delivery of each Aircraft:

(i) a complete list of names and citizenship of each crew member and non-revenue passenger who will be aboard the ferry flight; and

(ii) a complete ferry flight itinerary.

4. DELIVERY ACTIONS BY BOEING.

4.1 Schedule of Inspections. Subsequent to the Boeing production flight test, all FAA, Boeing, Customer and, if required, U.S. Customs Bureau inspections will be scheduled by Boeing for completion prior to delivery of the Aircraft. Customer will be informed of such schedules with as much advance notice as practicable.

4.2 Schedule of Demonstration Flights. All FAA and Customer demonstration flights will be scheduled by Boeing for completion prior to delivery of the Aircraft. Boeing will provide to Customer at least 14 days prior written notice of the date, time, and location of such flight. Boeing will notify Customer in writing of any changes to such date, time, and location.

4.3 Schedule for Customer's Flight Crew. Boeing will inform Customer of the date that a flight crew is required for acceptance routines associated with delivery of the Aircraft.

4.4 Fuel Provided by Boeing. Boeing will provide to Customer, without charge, 1,600 U.S. gallons of fuel and full capacity of engine oil at the time of delivery or prior to the ferry flight of the Aircraft.

4.5 Flight Crew and Passenger Consumables. Boeing will provide a sufficient supply of food, potable water, coat hangers, towels, toilet tissue, garbage bags, drinking cups and soap for the first segment of the ferry flight for the Aircraft.

4.6 Delivery Papers, Documents and Data. Boeing will have available at the time of delivery of the Aircraft all delivery papers, documents and data for execution and delivery. Boeing will pre-position in Oklahoma City, Oklahoma, for filing with the FAA at the time of delivery of the Aircraft an executed original Form 8050-2, Aircraft Bill of Sale, for the sale to Customer and any additional executed forms of such bill of sale for any transfers of title to the Aircraft from any of Boeing's sales subsidiary so that following recordation of such bill(s) of sale, Customer will have good and marketable title to the Aircraft.

4.7 Delegation of Authority. Boeing will present a certified copy of a Resolution of Boeing's Board of Directors, designating and authorizing certain persons to act on its behalf in connection with delivery of the Aircraft including the person executing the transfer of title documents.

4.8 Standard Airworthiness Certificate. Boeing will provide at delivery of each Aircraft the Standard Airworthiness Certificate in accordance with Article 3 of the AGTA.

5. DELIVERY ACTIONS BY CUSTOMER.

5.1 Aircraft Radio Station License. At delivery Customer will provide a copy of its Aircraft Radio Station License (or a written statement of the location of the original license) to be placed on board the Aircraft following delivery.

5.2. Aircraft Flight Log. At delivery Customer will provide the Aircraft Flight Log for the Aircraft.

5.3 Delegation of Authority. Customer will present to Boeing at delivery of the Aircraft an original or certified copy of Customer's Delegation of Authority designating and authorizing certain persons to act on its behalf in connection with delivery of the specified Aircraft.

PURCHASE AGREEMENT DEFINITIONS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit C to Purchase Agreement Number 1978

P.A. No. 1978

C

PURCHASE AGREEMENT DEFINITIONS

Dated October ____, 1997

relating to

BOEING MODEL 757-223 AIRCRAFT

I. Definitions.

The following terms, when used in capitalized form in this Purchase Agreement, including the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to this Purchase Agreement, have the following meanings:

"Advance Payments" means the payments made by Customer in advance of delivery with respect of an Aircraft pursuant to Section 4.2 of the Purchase Agreement.

"Advance Payment Base Price" has the meaning set forth in Section 2.1.6 of the AGTA.

"Affiliate", with respect to a specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AGTA" has the meaning set forth in the recital of the Aircraft General Terms Agreement of even date herewith between Boeing and Customer.

"Aircraft" means any or all, as the context requires, of the Boeing Model 757-223 aircraft described in Table 1 to the Purchase Agreement, together with the Engines and Parts that are incorporated or installed in or attached to such aircraft.

"Aircraft Basic Price" has the meaning set forth in Section 2.1.4 of the AGTA.

"Aircraft Price" has the meaning set forth in Section 2.1.7 of the AGTA.

"Aircraft Software" has the meaning set forth in Part 1 of the Product Assurance Document.

"Airframe Escalation Adjustment Document" has the meaning set forth in Section 2.1.5 of the AGTA.

"Airframe Price" has the meaning set forth in Section 2.1.1 of the AGTA.

"ATA" has the meaning set forth in Section 1 to Part 3 of the Customer Support Document.

"Authorized Agent" has the meaning set forth in Part 1 of the Product Assurance Document.

"Average Direct Hourly Labor Rate" has the meaning set forth in Part 1 of the Product Assurance Document.

"BFE Provisions Document" means the Buyer Furnished Equipment Provisions Document attached to the AGTA as Exhibit A.

"Boeing" has the meaning set forth in the recital of the AGTA.

"Boeing Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Buyer Furnished Equipment" or "BFE" has the meaning set forth in Section 1.2 of the AGTA.

"Correct" or "Correction" has the meaning set forth in Part 1 of the Product Assurance Document.

"Corrected Boeing Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Customer" has the meaning set forth in the recital of the AGTA.

"Customer Support Document" means the Customer Support Document attached to the AGTA as Exhibit B.

"Deposit" means the deposit made by Customer in respect of an Aircraft pursuant to Section 4.1 of the Purchase Agreement.

"Detail Specification" means the Detail Specification identified in Exhibit A to the Purchase Agreement, as the same is amended from time to time by Boeing and Customer pursuant to Article 4 of the AGTA.

"Development Changes" has the meaning set forth in Section 4.2 of the AGTA.

"Direct Labor" has the meaning set forth in Part 1 of the Product Assurance Document.

"Direct Materials" has the meaning set forth in Part 1 of the Product Assurance Document.

"Documents" has the meaning set forth in Section 4.6 of Part 3 to the Customer Support Document.

"Engine" means each of the two engines installed on an Aircraft and identified in Table 1 to the Purchase Agreement, together with any and all Parts incorporated or installed in or attached to each such engine.

"Engine Price" has the meaning set forth in Section 2.1.3 of the AGTA.

"Engine Price Adjustment" means the adjustment to the Engine Price determined in accordance with the formula set forth in Supplemental Exhibit EE1 to the Purchase Agreement.

"Engine Supplier" means the manufacturer of the Engine.

"Escalation Adjustment" has the meaning set forth in Section 2.1.5 of the AGTA.

"Excusable Delay" has the meaning set forth in Section 7.1 of the AGTA.

"FAA" means the Federal Aviation Administration of the United States of America and any agency or instrumentality of the United States government succeeding to its functions.

"Failed Component" has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

"Failure" has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

"Federal Aviation Regulations" means the regulations promulgated by the FAA from time to time and any official interpretations thereof.

"Field Services" has the meaning set forth in Section 1 of Part 2 to the Customer Support Document.

"Governmental Authority" means any federal, state, county, local or foreign governmental entity or municipality or subdivision thereof or any authority, arbitrator,

department, commission, board, bureau, body, agency, court or other agency or instrumentality thereof.

"Governmental Regulations" means: (1) the Type Certificate for the Aircraft; (2) any other certification, license or approval issued or required for the Aircraft by the FAA or any other Governmental Authority having jurisdiction over Boeing or the Aircraft; (3) any other law, rule, order or regulation of the United States Government or any agency or instrumentality thereof, having jurisdiction over the Aircraft or Boeing; (4) all regulations and official interpretations of the certification, license, or approval requirements described in (1), (2) and (3) above; and (5) all airworthiness directives issued by the FAA.

"Interface Problem" has the meaning set forth in Section 1 of Part 5 of the Product Assurance Document.

"Manufacturer Change" has the meaning set forth in Section 3.2.1 of the AGTA.

"Operator Changes" has the meaning set forth in Section 3.3.1 of the AGTA.

"Optional Features" means those Parts identified as optional features in the Detail Specification.

"Optional Features Prices" has the meaning set forth in Section 2.1.2 of the AGTA.

"Parts" means any and all appliances, parts, instruments, appurtenances, accessories, furnishings, and other equipment or property of whatever nature incorporated or installed in or attached to an Aircraft upon delivery or otherwise pursuant to the Purchase Agreement.

"Performance Guarantees" has the meaning set forth in Section 5.4 of the AGTA.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Policy" has the meaning set forth in Section 1 of Part 3 of the Product Assurance Document.

"Product Assurance Document" means the Product Assurance Document attached to the AGTA as Exhibit C.

"Proprietary Information" has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

"Proprietary Materials" has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

"Purchase Agreement" means Purchase Agreement No. 1978, of even date herewith, between Boeing and Customer for the purchase of the Aircraft, including, without limitation, the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to such Purchase Agreement.

"Scheduled Delivery Month" means, with respect to an Aircraft, the scheduled month and year of delivery for such Aircraft as set forth in Section 2 of the Purchase Agreement.

"Seller Furnished Equipment" or "SFE" means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as "seller furnished equipment."

"Seller Purchased Equipment" or "SPE" means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as "seller purchased equipment."

"Standard Airworthiness Certificate" means a standard airworthiness certificate for transport category aircraft applicable to an Aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations (or any successor regulations).

"SLP Component" has the meaning set forth in Section 1 of Part 3 of Product Assurance Document.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

"Suppliers" has the meaning set forth in Section 1 of Part 4 of the Product Assurance Document.

"Supplier Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Taxes" has the meaning set forth in Section 2.2 of the AGTA.

"Type Certificate" means a type certificate for transport category aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations or any successor regulation.

"Warranty Inspections" has the meaning set forth in Part 1 of the Product Assurance Document.

II. Interpretive Provisions.

When reference is made to an article, section, attachment, exhibit, schedule or supplement of the "AGTA" or a "Purchase Agreement" without further reference to a particular letter agreement, attachment, exhibit, schedule or supplement thereto, such reference shall be deemed to be a reference to the main text of the AGTA or such Purchase Agreement, respectively.

SUPPLEMENTAL EXHIBIT BFE1
TO
PURCHASE AGREEMENT NO. 1978
BETWEEN
THE BOEING COMPANY
AND
AMERICAN AIRLINES, INC.

BUYER FURNISHED EQUIPMENT (BFE) VARIABLES
MODEL 757-223

This Exhibit Supplement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft.

1. Supplier Selection.

Customer has selected and notified Boeing of the supplier for the seats and galley system.

2. On-dock Dates.

Boeing has provided to Customer a BFE Requirements On-Dock/Inventory Document (BFE Document) setting forth the items, quantities, on-dock dates and shipping instructions relating to the in sequence installation of BFE, which may be periodically revised. In the future, Boeing may submit an electronically transmitted BFE Report (which may be periodically revised) setting forth the items, quantities, on-dock dates and shipping instructions relating to the in sequence installation of BFE and such BFE Report will be deemed to be a BFE Document.

P.A. No. 1978

BFE1-1

SUPPLEMENTAL EXHIBIT CS1

TO

PURCHASE AGREEMENT NO. 1978

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

757 CUSTOMER SUPPORT VARIABLES

This outline summarizes Boeing's Customer support program to assist Customer in the introduction and economical long term operation of its Boeing aircraft. This program generally includes the following:

1. Maintenance Training.

1.1 Maintenance Training Minor Model Differences Course, if required, covering operational, structural or systems differences between Customer's newly-purchased Aircraft and an aircraft of the same model currently operated by Customer; 1 class of 15 students;

1.2 Training materials, if applicable, will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, text and graphics will be provided for use in Customer's own training program.

2. Flight Training.

Boeing will provide, if required, one classroom course to acquaint up to 15 students with operational, systems and performance differences between Customer's newly-purchased Aircraft and an aircraft of the same model currently operated by Customer. Any training materials used in Flight Training, if required, will be provided for use in Customer's own training program.

3. Exchange of Training Entitlements.

If Customer chooses not to receive all or any portion of the training entitlements pursuant to Sections 1 and 2, the value of such unused training entitlements may be exchanged for training in support of another model of aircraft purchased from Boeing; provided, that the aggregate value of training provided by Boeing shall not exceed the value of the training entitlements in Sections 1 and 2.

4. Planning Assistance.

4.1 Maintenance and Ground Operations. Upon request, Boeing will provide planning assistance regarding Minor Model Differences requirements for facilities, tools and equipment.

4.2 Spares. Boeing will revise, as applicable, the customized Recommended Spares Parts List (RSPL) and Illustrated Parts Catalog (IPC).

5. Technical Data and Documents.

Boeing will revise, as applicable, technical data and documents provided with previously delivered aircraft.

SERVICE LIFE POLICY COMPONENTS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit SLP1 to Purchase Agreement Number 1978

P.A. No. 1978

SLP1

SERVICE LIFE POLICY COMPONENTS

relating to

BOEING MODEL 757 AIRCRAFT

This is the listing of SLP Components for the Aircraft which relate to Part 3, "Boeing Service Life Policy" of the Product Assurance Document, and is a part of Purchase Agreement No. 1978.

1. Wing.
 - (a) Upper and lower skins including fixed leading edge and trailing edge skins and panels [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.], and stiffeners.
 - (b) Wing spar webs, chords, and stiffeners.
 - (c) Inspar wing ribs.
 - (d) Inspar splice plates and fittings.
 - (e) Main landing gear support structure.
 - (f) Wing center section lower beams, spanwise beams and floor beams, but not the seat tracks attached to the beams.
 - (g) Wing-to-body structural attachments.
 - (h) Engine strut support fittings attached directly to wing primary structure.
 - (i) Support structure in the wing for spoilers and spoiler actuators; for aileron hinges and reaction links; and for leading edge devices and trailing edge flaps.
 - (j) Trailing edge flap tracks and carriages.
 - (k) Fixed attachment and actuator support structure aileron, leading edge device and trailing edge flap internal.

2. Body.

- (a) External surface skins and doublers, longitudinal stiffeners, longerons and circumferential rings and frames between the forward pressure bulkhead and the vertical stabilizer rear spar bulkhead, and structural support and enclosure for the auxiliary power unit but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (b) Window and windshield structure but excluding the windows and windshields.
- (c) Fixed attachment structure of the passenger doors, cargo doors and emergency exits, excluding door mechanisms and movable hinge components. Sills and frames around the body openings for the passenger doors, cargo doors and emergency exits, excluding scuff plates and pressure seals.
- (d) Nose wheel well structure, including the wheel well walls, pressure deck, forward and aft bulkheads, and the gear support structure.
- (e) Main gear wheel well structure including pressure deck, bulkheads and landing gear beam support structure.
- (f) Floor beams and support posts in the control cab and passenger cabin area, but excluding seat tracks.
- (g) Forward and aft pressure bulkheads.
- (h) Keel structure between the wing front spar bulkhead and the main gear wheel well aft bulkhead, including splices.
- (i) Wing front and rear spar support bulkheads, and vertical and horizontal stabilizer front and rear spar support bulkheads including terminal fittings but excluding all system components and related installation and connecting devices, insulation, lining, decorative panels, and related installation and connecting devices.
- (j) Support structure in the body for the stabilizer pivot and stabilizer screw.

3. Vertical Stabilizer.

- (a) External skins between front and rear spars.

- (b) Front, rear and auxiliary spar chords, webs, and stiffeners, and attachment fittings between vertical stabilizer and body.
- (c) Inspar ribs.
- (d) Support structure in the vertical stabilizer for rudder hinges, reaction links and actuator.
- (e) Support structure for rudder internal, fixed attachment and actuator.
- (f) Rudder hinges and supporting ribs, excluding bearings.

4. Horizontal Stabilizer.

- (a) External skins between front and rear spars.
- (b) Front, rear and auxiliary spar chords, webs, and stiffeners.
- (c) Inspar ribs.
- (d) Stabilizer center splice fittings, pivot and screw support structure.
- (e) Support structure in the horizontal stabilizer for the elevator hinges, reaction links and actuators.
- (f) Support structure for elevator internal, fixed attachment and actuator.

5. Engine Strut.

- (a) Strut external surface skin and doublers and stiffeners.
- (b) Internal strut chords, frames and bulkheads.
- (c) Strut to wing fittings and diagonal brace.
- (d) Engine mount support fittings attached directly to strut structure.
- (e) For Aircraft equipped with Pratt & Whitney engines only, the engine mounted support fittings.

6. Main Landing Gear.

- (a) Outer cylinder.

- (b) Inner cylinder.
- (c) Upper and lower side struts, including spindles and universals.
- (d) Drag strut.
- (e) Side strut reaction link.
- (f) Side strut support link.
- (g) Downlock links including spindles and universals.
- (h) Orifice plate.
- (i) Trunnion link.
- (j) Truck beam.
- (k) Axles.
- (l) Torsion links.
- (m) Stabilizer link.

7. Nose Landing Gear.

- (a) Outer cylinder.
- (b) Inner cylinder.
- (c) Upper and lower drag strut, including lock links.
- (d) Axles.
- (e) Torsion links.
- (f) Steering plates and steering collar.
- (g) Orifice plate.

NOTE: The Service Life Policy does not cover any bearings, bolts, bushings, clamps, brackets, actuating mechanisms or latching mechanisms used in or on the SLP Components.

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit EE1 to Purchase Agreement Number 1978

P.A. No. 1978

EE1-1

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

relating to

BOEING MODEL 757 AIRCRAFT

1. ENGINE ESCALATION.

(a) The Aircraft Basic Price of each Aircraft set forth in Table 1 of the Purchase Agreement includes an aggregate price for Rolls Royce RB211 series Engines and all accessories, equipment and parts therefor provided by the Engine Supplier. The adjustment in Engine Price applicable to each Aircraft ("Engine Price Adjustment" herein) will be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pa = (Po + F) (AA + BB + CC) - Po$$

(b) The following definitions will apply herein:

Pa = Engine Price Adjustment

Po = The Engine Price as set forth in Table 1 of the Purchase Agreement.

F = 0.005 (N) (Po). Where N = the calendar year of scheduled Engine delivery, minus 1995. For purposes of this calculation, Engine delivery is assumed to be 2 months prior to the Scheduled Delivery Month of the Aircraft.

AA = .60 x $\frac{L}{\$17.273}$

BB = .30 x $\frac{M}{122.90}$

CC = .10 x $\frac{E}{77.70}$

In determining the value of AA, BB and CC, the ratios of L divided by \$17.273, M divided by 122.90 and E divided by 77.70 will each be expressed as a decimal which will not be rounded, but the value resulting from multiplying such ratios by the respective constants (.60, .30 and .10) will be expressed as a decimal and rounded to the nearest ten-thousandth.

- L = The arithmetic average of the Average Hourly Earnings for the 15th, 14th and 13th months prior to the Scheduled Delivery Month of the Aircraft. Such arithmetic average will be expressed as a decimal and rounded to the nearest thousandth.
- \$17.273 = Average Hourly Earnings - SIC 3724 for the average of April, May and June 1994.
- M = The arithmetic average of the Producer Price Indices - Code 10 (Base Year 1982 = 100) for the 15th, 14th and 13th months prior to the Scheduled Delivery Month of the Aircraft. Such arithmetic average will be expressed as a decimal and rounded to the nearest hundredth.
- 122.90 = Producer Price Index - Code 10 for the average of April, May and June 1994.
- E = The arithmetic average of the Producer Price Indices - Code 5 (Base Year 1982 = 100) for the 15th, 14th and 13th months prior to the Scheduled Delivery Month of the Aircraft. Such arithmetic average will be expressed as a decimal and rounded to the nearest hundredth.
- 77.70 = Producer Price Index - Code 5 for the average of April, May and June 1994.

The Engine Price Adjustment will not be made if it would result in a decrease in the Engine Price.

The Average Hourly Earnings and Producer Price Indices referred to above are defined below:

(i) Average Hourly Earnings. SIC 3724 of the Industry Group "Hourly Earnings of Aircraft Engines and Engine Parts Production Workers" published by the Bureau of Labor Statistics, U.S. Department of Labor.

(ii) Producer Price Index. Code 10 for the Commodities Group "Metals and Metal Products" published by the Bureau of Labor Statistics, U.S. Department of Labor.

(iii) Producer Price Index. Code 5 for the Commodities Group "Fuels and Related Products and Power" published by the Bureau of Labor Statistics, U.S. Department of Labor.

The values of the Average Hourly Earnings and Producer Price Indices used in determining the Engine Price Adjustment will be those published by the Bureau of Labor

Statistics, U.S. Department of Labor as of a date 30 days prior to the Scheduled Delivery Month of the Aircraft. Such values will be considered final and no Engine Price Adjustment will be made after Aircraft delivery for any subsequent changes in published values.

NOTE: Any rounding of a number, as required under this Supplemental Exhibit EE1 with respect to escalation of the Engine Price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

2. ENGINE WARRANTY AND PRODUCT SUPPORT PLAN.

The warranty and product support plan for the Engines shall be negotiated directly between Customer and Rolls-Royce plc.

P.A. No. 1978

EE1-4

PURCHASE AGREEMENT NO. 1979

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

DATED AS OF OCTOBER __, 1997

RELATING TO BOEING MODEL 767-323ER AIRCRAFT

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LETTER AGREEMENTS

Letter Agreement No. 6-1162-AKP-070

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-071

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-072

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-073

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-099

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-100

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-101

Aircraft Performance Guarantees

Letter Agreement No. 6-1162-AKP-102

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-103

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-104

Escalation Sharing

Letter Agreement No. 6-1162-AKP-105

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-106

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Letter Agreement No. 6-1162-AKP-117

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1979

iii

Purchase Agreement No. 1979

between

The Boeing Company

and

American Airlines, Inc.

This Purchase Agreement No. 1979 dated as of October __, 1997 between The Boeing Company and American Airlines, Inc. relating to the purchase and sale of Model 767-323ER Aircraft hereby expressly incorporates by reference all of the terms and conditions of the AGTA.

Article 1. Quantity, Model and Description.

Boeing will manufacture and sell to Customer, and Customer will purchase, the Aircraft conforming to the Detail Specification, all in accordance with the terms of this Purchase Agreement. The quantity of Aircraft is specified in the Table 1 attached hereto and made a part hereof for all purposes.

Article 2. Delivery Schedule.

The Scheduled Delivery Months of the Aircraft are as listed in the attached Table 1.

Article 3. Price.

3.1 Basic Price. The Aircraft Basic Price (in 1995 dollars and subject to escalation in accordance with the applicable provisions of the Purchase Agreement) for each Aircraft is listed in Table 1.

3.2 Advance Payment Base Price. The Advance Payment Base Price for each Aircraft is listed in Table 1.

3.3 Aircraft and Advance Payment Price Components. The components of the Aircraft Basic Price and the calculation of the Advance Payment Base Prices for the Aircraft are listed in Table 1.

Article 4. Payment.

4.1 Deposit. Boeing acknowledges receipt of a Deposit in the amount of \$125,000 for each Aircraft.

4.2 Advance Payments. Customer will make Advance Payments to Boeing in the amount of 30% of the Advance Payment Base Price of each Aircraft in accordance with the payment schedule set forth in the attached Table 1, beginning with a payment of 1%, less the Deposit, on the date of full execution of this Purchase Agreement. Additional Advance Payments for each Aircraft are due on the first business day of the months and in the amounts listed in the attached Table 1.

4.3 Advance Payments Due. For any Aircraft whose Scheduled Delivery Month is less than 24 months from the date of this Purchase Agreement, the total amount of Advance Payments due upon the date of full execution of this Purchase Agreement will include all Advance Payments which are or were due on or before that date in accordance with the Advance Payment schedule set forth in the attached Table 1.

4.4 Payment of Balance. Customer will pay the balance of the Aircraft Price of each Aircraft, less the total amount of Advance Payments and Deposits received by Boeing for such Aircraft, at delivery in accordance with the terms and conditions of the Purchase Agreement.

Article 5. Miscellaneous.

5.1 Aircraft Information Table. Table 1 contains and consolidates information contained in Articles 1, 2 and 3 of this Purchase Agreement with respect to (i) quantity of Aircraft, (ii) applicable Detail Specification, (iii) Scheduled Delivery Months, (iv) Aircraft Basic Price, (v) applicable escalation factors, (vi) Advance Payment Base Prices, and (vii) Advance Payments and their schedules.

5.2 Aircraft Configuration. Exhibit A to this Purchase Agreement contains the configuration information for the Aircraft including the Detail Specification and Optional Features.

5.3 Aircraft Delivery Requirements and Responsibilities. Exhibit B to this Purchase Agreement contains certain documentation and approval responsibilities of Customer and Boeing.

5.4 Defined Terms. Exhibit C to this Purchase Agreement contains certain defined terms used in the AGTA or elsewhere in this Purchase Agreement. All capitalized terms used in this Purchase Agreement but not otherwise defined shall have the meaning set forth in Exhibit C to this Purchase Agreement or elsewhere in such Purchase Agreement.

5.5 BFE Variables. Supplemental Exhibit BFE1 to this Purchase Agreement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft pursuant to the BFE Provisions Document.

5.6 Customer Support Variables. Supplemental Exhibit CS1 to this Purchase Agreement contains the variable information applicable to goods and services furnished by Boeing in support of the Aircraft pursuant to the Customer Support Document.

5.7 SLP Components. Supplemental Exhibit SLP1 to this Purchase Agreement lists the airframe, landing gear and other components covered by the Service Life Policy for the Aircraft as defined in Part 3 of the Product Assurance Document.

5.8 Engine Escalation Variables. Supplemental Exhibit EE1 to this Purchase Agreement contains the applicable escalation formula, warranty, and patent indemnity for the Engines.

5.9 Negotiated Agreement; Entire Agreement. This Purchase Agreement including, without limitation, the provisions of Article 8 of the AGTA relating to indemnification and insurance, and Section 11 of Part 2 of the Product Assurance Document relating to DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES has been the subject of discussion and negotiation and is understood by the parties. The Aircraft Price and other agreements of the parties stated in this Purchase Agreement were arrived at in consideration of such provisions. This Purchase Agreement contains the entire agreement between the parties and supersedes all previous proposals, understandings, commitments or representations whatsoever, oral or written, and may be changed only in writing signed by authorized representatives of the parties.

* * * * *

DATED AS OF THE DATE FIRST ABOVE WRITTEN

AMERICAN AIRLINES, INC.

THE BOEING COMPANY

By _____

By _____

Its _____

Its _____

TABLE 1 TO
PURCHASE AGREEMENT NO. 1979
767-323ER AIRCRAFT DELIVERY, DESCRIPTION, PRICE AND ADVANCE PAYMENTS

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit A to Purchase Agreement Number 1979

P.A. No. 1979

A

AIRCRAFT CONFIGURATION

Dated October __, 1997

relating to

BOEING MODEL 767-323ER AIRCRAFT

The configuration of the Aircraft is described in Detail Specification D6T10330AAL, Revision 7, dated September 30, 1994, as amended to incorporate the applicable specification language which reflects the changes listed below, including the effects of such changes on the Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). The current revision of the above Detail Specification D6T10330AAL will be further revised under future change orders to reflect the effects of additional changes and features as may be selected by Customer concurrent with, or subsequent to, execution of this Purchase Agreement.

P.A. No. 1979

A-1

CR/Title	Price per A/P 1995\$ (8 A/P)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH
THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1979

A-2

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit B to Purchase Agreement Number 1979

P.A. No. 1979

B

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

relating to

BOEING MODEL 767-323ER AIRCRAFT

Both Boeing and Customer have certain documentation and approval responsibilities at various times during the construction cycle of Customer's Aircraft that are critical to making the delivery of each Aircraft a positive experience for both parties. This Exhibit B documents those responsibilities and indicates recommended completion deadlines for the actions to be accomplished.

1. GOVERNMENT DOCUMENTATION REQUIREMENTS.

Certain actions are required to be taken by Customer in advance of the Scheduled Delivery Month of each Aircraft with respect to obtaining certain government issued documentation.

1.1 Registration Documents.

Not later than 6 months prior to delivery of each Aircraft, Customer will notify Boeing of the registration number to be painted on the side of the Aircraft. In addition, and not later than 3 months prior to delivery of each Aircraft, Customer will, by letter to the regulatory authority having jurisdiction, authorize the temporary use of such registration number by Boeing during the pre-delivery testing of the Aircraft. Customer is responsible for furnishing any temporary or permanent registration certificates required by any Governmental Authority having jurisdiction to be displayed aboard the Aircraft after delivery.

1.2 Certificate of Sanitary Construction.

Boeing will obtain from the United States Public Health Service prior to delivery of each Aircraft a United States Certificate of Sanitary Construction for the Aircraft being delivered. The certificate will be delivered to Customer at delivery of each Aircraft, and Customer will display such certificate (or a written statement of the location of the original certificate) aboard each Aircraft after delivery to Customer.

2. INSURANCE CERTIFICATES.

Insurance certificate requirements are defined in Article 8 of the AGTA.

3. FLYAWAY CONFIGURATION AND FERRY FLIGHT INFORMATION.

3.1 Flyaway Configuration Notice.

Not later than 14 days prior to delivery of the Aircraft, Customer will provide to Boeing a configuration letter stating the requested flyaway configuration of the Aircraft for its ferry flight. This configuration letter should include:

(i) the name of the company which is to furnish fuel for the ferry flight and any scheduled post-delivery flight training, the method of payment for such fuel, and fuel load for the ferry flight;

(ii) the cargo to be loaded and where it is to be stowed on board the Aircraft and address where cargo is to be shipped after flyaway; and

(iii) any BFE equipment to be removed prior to flyaway and returned to Boeing BFE stores for installation on Customer's subsequent Aircraft.

The information contained in such configuration letter may be changed from time to time by the mutual consent of Boeing and Customer.

3.2 Ferry Flight Information.

Customer will provide to Boeing at least 24 hours prior to delivery of each Aircraft:

(i) a complete list of names and citizenship of each crew member and non-revenue passenger who will be aboard the ferry flight; and

(ii) a complete ferry flight itinerary.

4. DELIVERY ACTIONS BY BOEING.

4.1 Schedule of Inspections. Subsequent to the Boeing production flight test, all FAA, Boeing, Customer and, if required, U.S. Customs Bureau inspections will be scheduled by Boeing for completion prior to delivery of the Aircraft. Customer will be informed of such schedules with as much advance notice as practicable.

4.2 Schedule of Demonstration Flights. All FAA and Customer demonstration flights will be scheduled by Boeing for completion prior to delivery of the Aircraft. Boeing will provide to Customer at least 14 days prior written notice of the date, time, and location of such flight. Boeing will notify Customer in writing of any changes to such date, time, and location.

4.3 Schedule for Customer's Flight Crew. Boeing will inform Customer of the date that a flight crew is required for acceptance routines associated with delivery of the Aircraft.

4.4 Fuel Provided by Boeing. Boeing will provide to Customer, without charge, 2,000 U.S. gallons of fuel and full capacity of engine oil at the time of delivery or prior to the ferry flight of the Aircraft.

4.5 Flight Crew and Passenger Consumables. Boeing will provide a sufficient supply of food, potable water, coat hangers, towels, toilet tissue, garbage bags, drinking cups and soap for the first segment of the ferry flight for the Aircraft.

4.6 Delivery Papers, Documents and Data. Boeing will have available at the time of delivery of the Aircraft all delivery papers, documents and data for execution and delivery. Boeing will pre-position in Oklahoma City, Oklahoma, for filing with the FAA at the time of delivery of the Aircraft an executed original Form 8050-2, Aircraft Bill of Sale, for the sale to Customer and any additional executed forms of such bill of sale for any transfers of title to the Aircraft from any of Boeing's sales subsidiary so that following recordation of such bill(s) of sale, Customer will have good and marketable title to the Aircraft.

4.7 Delegation of Authority. Boeing will present a certified copy of a Resolution of Boeing's Board of Directors, designating and authorizing certain persons to act on its behalf in connection with delivery of the Aircraft including the person executing the transfer of title documents.

4.8 Standard Airworthiness Certificate. Boeing will provide at delivery of each Aircraft the Standard Airworthiness Certificate in accordance with Article 3 of the AGTA.

5. DELIVERY ACTIONS BY CUSTOMER.

5.1 Aircraft Radio Station License. At delivery Customer will provide a copy of its Aircraft Radio Station License (or a written statement of the location of the original license) to be placed on board the Aircraft following delivery.

5.2 Aircraft Flight Log. At delivery Customer will provide the Aircraft Flight Log for the Aircraft.

5.3 Delegation of Authority. Customer will present to Boeing at delivery of the Aircraft an original or certified copy of Customer's Delegation of Authority designating and authorizing certain persons to act on its behalf in connection with delivery of the specified Aircraft.

PURCHASE AGREEMENT DEFINITIONS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit C to Purchase Agreement Number 1979

P.A. No. 1979

C

PURCHASE AGREEMENT DEFINITIONS

Dated October , 1997

relating to

BOEING MODEL 767-323ER AIRCRAFT

I. Definitions.

The following terms, when used in capitalized form in this Purchase Agreement, including the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to this Purchase Agreement, have the following meanings:

"Advance Payments" means the payments made by Customer in advance of delivery with respect of an Aircraft pursuant to Section 4.2 of the Purchase Agreement.

"Advance Payment Base Price" has the meaning set forth in Section 2.1.6 of the AGTA.

"Affiliate", with respect to a specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AGTA" has the meaning set forth in the recital of the Aircraft General Terms Agreement of even date herewith between Boeing and Customer.

"Aircraft" means any or all, as the context requires, of the Boeing Model 767-323ER aircraft described in Table 1 to the Purchase Agreement, together with the Engines and Parts that are incorporated or installed in or attached to such aircraft.

"Aircraft Basic Price" has the meaning set forth in Section 2.1.4 of the AGTA.

"Aircraft Software" has the meaning set forth in Part 1 of the Product Assurance Document.

"Aircraft Price" has the meaning set forth in Section 2.1.7 of the AGTA.

"Airframe Escalation Adjustment Document" has the meaning set forth in Section 2.1.5 of the AGTA.

"Airframe Price" has the meaning set forth in Section 2.1.1 of the AGTA.

"ATA" has the meaning set forth in Section 1 to Part 3 of the Customer Support Document.

"Authorized Agent" has the meaning set forth in Part 1 of the Product Assurance Document.

"Average Direct Hourly Labor Rate" has the meaning set forth in Part 1 of the Product Assurance Document.

"Buyer Furnished Equipment" or "BFE" has the meaning set forth in Section 1.2 of the AGTA.

"BFE Provisions Document" means the Buyer Furnished Equipment Provisions Document attached to the AGTA as Exhibit A.

"Boeing" has the meaning set forth in the recital of the AGTA.

"Boeing Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Correct" or "Correction" has the meaning set forth in Part 1 of the Product Assurance Document.

"Corrected Boeing Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Customer" has the meaning set forth in the recital of the AGTA.

"Customer Support Document" means the Customer Support Document attached to the AGTA as Exhibit B.

"Deposit" means the deposit made by Customer in respect of an Aircraft pursuant to Section 4.1 of the Purchase Agreement.

"Detail Specification" means the Detail Specification identified in Exhibit A to the Purchase Agreement, as the same is amended from time to time by Boeing and Customer pursuant to Article 4 of the AGTA.

"Documents" has the meaning set forth in Section 4.6 of Part 3 to the Customer Support Document.

"Development Changes" has the meaning set forth in Section 4.2 of the AGTA.

"Direct Labor" has the meaning set forth in Part 1 of the Product Assurance Document.

"Direct Materials" has the meaning set forth in Part 1 of the Product Assurance Document.

"Engine" means each of the two engines installed on an Aircraft and identified in Table 1 to the Purchase Agreement, together with any and all Parts incorporated or installed in or attached to each such engine.

"Engine Price" has the meaning set forth in Section 2.1.3 of the AGTA.

"Engine Price Adjustment" means the adjustment to the Engine Price determined in accordance with the formula set forth in Supplemental Exhibit EE1 to the Purchase Agreement.

"Engine Supplier" means the manufacturer of the Engine.

"Escalation Adjustment" has the meaning set forth in Section 2.1.5 of the AGTA.

"Excusable Delay" has the meaning set forth in Section 7.1 of the AGTA.

"FAA" means the Federal Aviation Administration of the United States of America and any agency or instrumentality of the United States government succeeding to its functions.

"Failed Component" has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

"Failure" has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

"Federal Aviation Regulations" means the regulations promulgated by the FAA from time to time and any official interpretations thereof.

"Field Services" has the meaning set forth in Section 1 of Part 2 to the Customer Support Document.

"Governmental Authority" means any federal, state, county, local or foreign governmental entity or municipality or subdivision thereof or any authority, arbitrator,

department, commission, board, bureau, body, agency, court or other agency or instrumentality thereof.

"Governmental Regulations" means: (1) the Type Certificate for the Aircraft; (2) any other certification, license or approval issued or required for the Aircraft by the FAA or any other Governmental Authority having jurisdiction over Boeing or the Aircraft; (3) any other law, rule, order or regulation of the United States Government or any agency or instrumentality thereof, having jurisdiction over the Aircraft or Boeing; (4) all regulations and official interpretations of the certification, license, or approval requirements described in (1), (2) and (3) above; and (5) all airworthiness directives issued by the FAA.

"Interface Problem" has the meaning set forth in Section 1 of Part 5 of the Product Assurance Document.

"Manufacturer Change" has the meaning set forth in Section 3.2.1 of the AGTA.

"Operator Changes" has the meaning set forth in Section 3.3.1 of the AGTA.

"Optional Features" means those Parts identified as optional features in the Detail Specification.

"Optional Features Prices" has the meaning set forth in Section 2.1.2 of the AGTA.

"Parts" means any and all appliances, parts, instruments, appurtenances, accessories, furnishings, and other equipment or property of whatever nature incorporated or installed in or attached to an Aircraft upon delivery or otherwise pursuant to the Purchase Agreement.

"Performance Guarantees" has the meaning set forth in Section 5.4 of the AGTA.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Policy" has the meaning set forth in Section 1 of Part 3 of the Product Assurance Document.

"Product Assurance Document" means the Product Assurance Document attached to the AGTA as Exhibit C.

"Proprietary Information" has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

"Proprietary Materials" has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

"Purchase Agreement" means Purchase Agreement No. 1979, of even date herewith, between Boeing and Customer for the purchase of the Aircraft, including, without limitation, the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to such Purchase Agreement.

"Scheduled Delivery Month" means, with respect to an Aircraft, the scheduled month and year of delivery for such Aircraft as set forth in Section 2 of the Purchase Agreement.

"Seller Furnished Equipment" or "SFE" means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as "seller furnished equipment."

"Seller Purchased Equipment" or "SPE" means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as "seller purchased equipment."

"Standard Airworthiness Certificate" means a standard airworthiness certificate for transport category aircraft applicable to an Aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations (or any successor regulations).

"SLP Component" has the meaning set forth in Section 1 of Part 3 of Product Assurance Document.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

"Suppliers" has the meaning set forth in Section 1 of Part 4 of the Product Assurance Document.

"Supplier Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Taxes" has the meaning set forth in Section 2.2 of the AGTA.

"Type Certificate" means a type certificate for transport category aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations or any successor regulation.

"Warranty Inspections" has the meaning set forth in Part 1 of the Product Assurance Document.

II. Interpretive Provisions.

When reference is made to an article, section, attachment, exhibit, schedule or supplement of the "AGTA" or a "Purchase Agreement" without further reference to a particular letter agreement, attachment, exhibit, schedule or supplement thereto, such reference shall be deemed to be a reference to the main text of the AGTA or such Purchase Agreement, respectively.

SUPPLEMENTAL EXHIBIT BFE1
TO
PURCHASE AGREEMENT NO. 1979
BETWEEN
THE BOEING COMPANY
AND
AMERICAN AIRLINES, INC.

BUYER FURNISHED EQUIPMENT (BFE) VARIABLES
MODEL 767-323ER

This Exhibit Supplement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft.

1. Supplier Selection.

Customer has selected and notified Boeing of the supplier for the galley system.

2. On-dock Dates.

Boeing has provided to Customer a BFE Requirements On-Dock/Inventory Document (BFE Document) setting forth the items, quantities, on-dock dates and shipping instructions relating to the in sequence installation of BFE, which may be periodically revised. In the future, Boeing may submit an electronically transmitted BFE Report (which may be periodically revised) setting forth the items, quantities, on-dock dates and shipping instructions relating to the in sequence installation of BFE and such BFE Report will be deemed to be a BFE Document.

SUPPLEMENTAL EXHIBIT CS1

TO

PURCHASE AGREEMENT NO. 1979

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

767 CUSTOMER SUPPORT VARIABLES

This outline summarizes Boeing's Customer support program to assist Customer in the introduction and economical long term operation of its Boeing aircraft. This program generally includes the following:

1. Maintenance Training.

1.1 Maintenance Training Minor Model Differences Course, if required, covering operational, structural or systems differences between Customer's newly-purchased Aircraft and an aircraft of the same model currently operated by Customer; 1 class of 15 students;

1.2 Training materials, if applicable, will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, text and graphics will be provided for use in Customer's own training program.

2. Flight Training.

Boeing will provide, if required, one classroom course to acquaint up to 15 students with operational, systems and performance differences between Customer's newly-purchased Aircraft and an aircraft of the same model currently operated by Customer. Any training materials used in Flight Training, if required, will be provided for use in Customer's own training program.

3. Exchange of Training Entitlements.

If Customer chooses not to receive all or any portion of the training entitlements pursuant to Sections 1 and 2, the value of such unused training entitlements may be exchanged for training provided by Boeing and/or an Affiliate in support of another model of aircraft purchased from Boeing; provided, that the aggregate value of training provided by Boeing shall not exceed the value of the training entitlements in Sections 1 and 2.

4. Planning Assistance.

4.1 Maintenance and Ground Operations. Upon request, Boeing will provide planning assistance regarding Minor Model Differences requirements for facilities, tools and equipment.

4.2 Spares. Boeing will revise, as applicable, the customized Recommended Spares Parts List (RSPL) and Illustrated Parts Catalog (IPC).

5. Technical Data and Documents.

Boeing will revise, as applicable, technical data and documents provided with previously delivered aircraft.

SERVICE LIFE POLICY COMPONENTS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit SLP1 to Purchase Agreement Number 1979

P.A. No. 1979

SLP1

SERVICE LIFE POLICY COMPONENTS

relating to

BOEING MODEL 767 AIRCRAFT

This is the listing of SLP Components for the Aircraft which relate to Part 3, "Boeing Service Life Policy" of the Product Assurance Document, and is a part of Purchase Agreement No. 1979.

1. Wing.
 - (a) Upper and lower skins including fixed leading edge and trailing edge skins and panels [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.], and stiffeners.
 - (b) Wing spar webs, chords and stiffeners.
 - (c) Inspar wing ribs.
 - (d) Inspar splice plates and fittings.
 - (e) Main landing gear support structure.
 - (f) Wing center section lower beams, spanwise beams and floor beams, but not the seat tracks attached to the beams.
 - (g) Wing-to-body structural attachments.
 - (h) Engine strut support fittings attached directly to wing primary structure.
 - (i) Support structure in the wing for spoilers and spoiler actuators; for aileron hinges and reaction links; and for leading edge devices and trailing edge flaps.
 - (j) Leading edge device and trailing edge flap support system.
 - (k) Fixed attachment and actuator support structure for aileron, leading edge device and trailing edge flap internal.

2. Body.

- (a) External surface skins and doublers, longitudinal stiffeners, longerons and circumferential rings and frames between the forward pressure bulkhead and the vertical stabilizer rear spar bulkhead, and structural support and enclosure for the auxiliary power unit but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (b) Window and windshield structure but excluding the windows and windshields.
- (c) Fixed attachment structure of the passenger doors, cargo doors and emergency exits excluding door mechanisms and movable hinge components. Sills and frames around the body openings for the passenger doors, cargo doors and emergency exits, excluding scuff plates and pressure seals.
- (d) Nose wheel well structure, including the wheel well walls, pressure deck, forward and aft bulkheads, and the gear support structure.
- (e) Main gear wheel well structure including pressure deck, bulkheads and landing gear beam support structure.
- (f) Floor beams and support posts in the control cab and passenger cabin area, but excluding seat tracks.
- (g) Forward and aft pressure bulkheads.
- (h) Keel structure between the wing front spar bulkhead and the main gear wheel well aft bulkhead, including splices.
- (i) Wing front and rear spar support bulkheads, and vertical and horizontal stabilizer front and rear spar support bulkheads including terminal fittings but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (j) Support structure in the body for the stabilizer pivot and stabilizer screw.

3. Vertical Stabilizer.

- (a) External skins between front and rear spars including splices.
- (b) Front, rear and auxiliary spar chords, webs and stiffeners, and attachment fittings between vertical stabilizer and body.
- (c) Inspar ribs.
- (d) Support structure in the vertical stabilizer for rudder hinges, reaction links and actuators.
- (e) Support structure for rudder internal, fixed attachment and actuator.
- (f) Rudder hinges and supporting ribs, excluding bearings.

4. Horizontal Stabilizer.

- (a) External skins between front and rear spars.
- (b) Front, rear and auxiliary spar chords, webs and stiffeners.
- (c) Inspar ribs.
- (d) Stabilizer center section and fittings splicing to outboard stabilizer including pivot and screw support structure.
- (e) Support structure in the horizontal stabilizer for the elevator hinges, reaction links and actuators.
- (f) Support structure for elevator internal, fixed attachment and actuator.

5. Engine Strut.

- (a) Strut external surface skin and doublers and stiffeners.
- (b) Internal strut chords, frames and bulkheads.
- (c) Strut to wing fittings and diagonal brace.
- (d) Engine mount support fittings attached directly to strut structure.
- (e) For Aircraft equipped with General Electric or Pratt & Whitney engines only, the engine mounted support fittings.

6. Main Landing Gear.
- (a) Outer cylinder.
 - (b) Inner cylinder.
 - (c) Upper and lower side strut, including spindles and universals.
 - (d) Upper and lower drag strut, including spindles and universals.
 - (e) Orifice support tube.
 - (f) Downlock links, including spindles and universals
 - (g) Torsion links.
 - (h) Bogie beam.
 - (i) Axles.
7. Nose Landing Gear.
- (a) Outer cylinder.
 - (b) Inner cylinder, including axles.
 - (c) Orifice support tube.
 - (d) Upper and lower drag strut, including lock links.
 - (e) Steering plates and steering collar.
 - (f) Torsion links.
 - (g) Actuator support beam and hanger.

NOTE: The Service Life Policy does not cover any bearings, bolts, bushings, clamps, brackets, actuating mechanisms or latching mechanisms used in or on the SLP Components.

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit EE1 to Purchase Agreement Number 1979

P.A. No. 1979

EE1

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

relating to

BOEING MODEL 767-323ER AIRCRAFT

1. ENGINE ESCALATION.

(a) The Aircraft Basic Price of each Aircraft set forth in Table 1 of the Purchase Agreement includes an aggregate price for General Electric Model CF6-80C2 Engines and all accessories, equipment and parts provided by the Engine Supplier. The adjustment in the Engine Price applicable to each Aircraft (Engine Price Adjustment) will be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pe = \frac{(Pb \times CPI) - Pb}{CPIb}$$

(b) The following definitions will apply herein:

Pe = Engine Price Adjustment

Pb = Engine Price (per Aircraft), as set forth in Table 1 of the Purchase Agreement.

CPI = The Composite Price Index as determined in accordance with the formula below, utilizing values published by the U.S. Department of Labor Statistics, where base year 1982 =100.

CPI = L +C + M + E

L = The Labor Index will be equal to 30% of 100 times the quotient of the "Hourly Earnings of Aircraft Engines and Engine Parts Production Workers" SIC 3724 for the ninth month preceding the Scheduled Delivery Month of the Aircraft divided by the 12 month average of such SIC 3724 for the year 1982. Such quotient will be expressed as a decimal and rounded to the nearest thousandth. The Labor Index shall be expressed as a decimal and rounded to the nearest hundredth.

- C = The Industrial Commodities Index will be equal to 30% of the Producer Price Index for "all commodities other than Farm and Foods," Code 3-15, for the ninth month preceding the Scheduled Delivery Month. The Industrial Commodities Index will be expressed as a decimal and rounded to the nearest hundredth.
- M = The Metals and Metal Products Index will be equal to 30% of the Producer Price Index for "Metals and Metal Products," Code 10, for the ninth month preceding the Scheduled Delivery Month. The Metals and Metal Products Index will be expressed as a decimal and rounded to the nearest hundredth.
- E = The Fuel Index will be equal to 10% of the Producer Price Index for "Fuel and Related Products and Power," Code 5, for the ninth month preceding the Scheduled Delivery Month. The Fuel Index will be expressed as a decimal and rounded to the nearest hundredth.
- CPI(b) = The Base Year Index as set forth in Table 1 of the Purchase Agreement.

The factor (CPI divided by CPI(b)) by which the Engine Price is to be multiplied will be expressed as a decimal and rounded to the nearest thousandth.

The Engine Price Adjustment will not be made if it would result in a decrease in the Engine Price.

(c) The values of the Average Hourly Earnings and Producer Price Indices used in determining the Engine Price Adjustment will be those published for the specified month as of a date 30 days prior to the Scheduled Delivery Month of the Aircraft. Such values will be considered final and no increase or decrease in the Engine Price Adjustment will be made after Aircraft delivery for any subsequent changes in published Index values.

(d) If the U.S. Department of Labor, Bureau of Labor Statistics (i) substantially revises the methodology used for determination of any index value referred to in subsection (b) above (in contrast to benchmark adjustments or other corrections of previously published data) or (ii) discontinues publication of any such index value, General Electric Company (GE), Boeing and Customer (to the extent such parties may lawfully do so), will jointly select a substitute for the revised or discontinued data; such substitute data to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original index value as it may have fluctuated had it not been revised or discontinued. Appropriate revision of the Engine Price Adjustment formula shall be made to accomplish such result. However, if after the delivery of the Aircraft, the Bureau of Labor Statistics should resume releasing the applicable index without a revision in methodology for the month needed to

determine the Engine Price Adjustment, such index will be used to determine any increase or decrease in the Engine Price Adjustment from that determined at the time of delivery of the Aircraft.

(e) If escalation provisions are made non-enforceable or otherwise rendered void by any agency of the United States Government, GE, Boeing and Customer agree, to the extent they may lawfully do so, to equitably adjust the Engine Price of any affected Engine to reflect an allowance for increases in labor, material and fuel costs that have occurred from the period represented by the applicable CPI to the ninth month preceding the Scheduled Delivery Month of the applicable Aircraft.

NOTE: Any rounding of a number, as required under this Supplemental Exhibit EE1 with respect to escalation of the Engine Price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

2. ENGINE WARRANTY AND PRODUCT SUPPORT PLAN.

The warranty and product support plan for the Engines shall be negotiated directly between Customer and GE.

PURCHASE AGREEMENT NO. 1980

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

DATED AS OF OCTOBER __, 1997

RELATING TO BOEING MODEL 777-223IGW AIRCRAFT

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LETTER AGREEMENTS

Letter Agreement No. 6-1162-AKP-070	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-071	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-072	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-073	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-109	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-110	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-111	Aircraft Performance Guarantees

Letter Agreement No. 6-1162-AKP-112	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-113	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-114	Installation of Cabin Systems Equipment
Letter Agreement No. 6-1162-AKP-115	Component and System Reliability Commitments
Letter Agreement No. 6-1162-AKP-116	Price Adjustment on Rolls-Royce Engines
Letter Agreement No. 6-1162-AKP-117	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
Letter Agreement No. 6-1162-AKP-118	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Purchase Agreement No. 1980

between

The Boeing Company

and

American Airlines, Inc.

This Purchase Agreement No. 1980 dated as of October __, 1997 between The Boeing Company and American Airlines, Inc. relating to the purchase and sale of Model 777-223IGW Aircraft hereby expressly incorporates by reference all of the terms and conditions of the AGTA.

Article 1. Quantity, Model and Description.

Boeing will manufacture and sell to Customer, and Customer will purchase, the Aircraft conforming to the Detail Specification, all in accordance with the terms of this Purchase Agreement. The quantity of Aircraft is specified in the Table 1 attached hereto and made a part hereof for all purposes.

Article 2. Delivery Schedule.

The Scheduled Delivery Months of the Aircraft are as listed in the attached Table 1.

Article 3. Price.

3.1 Basic Price. The Aircraft Basic Price (in 1995 dollars and subject to escalation in accordance with the applicable provisions of the Purchase Agreement) for each Aircraft is listed in Table 1.

3.2 Advance Payment Base Price. The Advance Payment Base Price for each Aircraft is listed in Table 1.

3.3 Aircraft and Advance Payment Price Components. The components of the Aircraft Basic Price and the calculation of the Advance Payment Base Prices for the Aircraft are listed in Table 1.

Article 4. Payment.

4.1 Deposit. Boeing acknowledges receipt of a Deposit in the amount of \$175,000 for each Aircraft.

4.2 Advance Payments. Customer will make Advance Payments to Boeing in the amount of 35% of the Advance Payment Base Price of each Aircraft in accordance with the payment schedule set forth in the attached Table 1, beginning with a payment of 1%, less the Deposit, on the date of full execution of this Purchase Agreement. Additional Advance Payments for each Aircraft are due on the first business day of the months and in the amounts listed in the attached Table 1.

4.3 Advance Payments Due. For any Aircraft whose Scheduled Delivery Month is less than 24 months from the date of this Purchase Agreement, the total amount of Advance Payments due upon the date of full execution of this Purchase Agreement will include all Advance Payments which are or were due on or before that date in accordance with the Advance Payment schedule set forth in the attached Table 1.

4.4 Payment of Balance. Customer will pay the balance of the Aircraft Price of each Aircraft, less the total amount of Advance Payments and Deposits received by Boeing for such Aircraft, at delivery in accordance with the terms and conditions of the Purchase Agreement.

Article 5. Miscellaneous.

5.1 Aircraft Information Table. Table 1 contains and consolidates information contained in Articles 1, 2 and 3 of this Purchase Agreement with respect to (i) quantity of Aircraft, (ii) applicable Detail Specification, (iii) Scheduled Delivery Months, (iv) Aircraft Basic Price, (v) applicable escalation factors, (vi) Advance Payment Base Prices, and (vii) Advance Payments and their schedules.

5.2 Aircraft Configuration. Exhibit A to this Purchase Agreement contains the configuration information for the Aircraft including the Detail Specification and Optional Features.

5.3 Aircraft Delivery Requirements and Responsibilities. Exhibit B to this Purchase Agreement contains certain documentation and approval responsibilities of Customer and Boeing.

5.4 Defined Terms. Exhibit C to this Purchase Agreement contains certain defined terms used in the AGTA or elsewhere in this Purchase Agreement. All capitalized terms used in this Purchase Agreement but not otherwise defined shall have the meaning set forth in Exhibit C to this Purchase Agreement or elsewhere in this Purchase Agreement.

5.5 BFE Variables. Supplemental Exhibit BFE1 to this Purchase Agreement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft pursuant to the BFE Provisions Document.

5.6 Customer Support Variables. Supplemental Exhibit CS1 to this Purchase Agreement contains the variable information applicable to goods and services furnished by Boeing in support of the Aircraft pursuant to the Customer Support Document.

5.7 SLP Components. Supplemental Exhibit SLP1 to this Purchase Agreement lists the airframe, landing gear and other components covered by the Service Life Policy for the Aircraft as defined in Part 3 of the Product Assurance Document.

5.8 Engine Escalation Variables. Supplemental Exhibits EE1-A and EE1-B to this Purchase Agreement contain the applicable escalation formula, warranty, and patent indemnity for GE90 and RB211 Engines, respectively.

5.9 Negotiated Agreement; Entire Agreement. This Purchase Agreement including, without limitation, the provisions of Article 8 of the AGTA relating to indemnification and insurance, and Section 11 of Part 2 of the Product Assurance Document relating to DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES has been the subject of discussion and negotiation and is understood by the parties. The Aircraft Price and other agreements of the parties stated in this Purchase Agreement were arrived at in consideration of such provisions. This Purchase Agreement contains the entire agreement between the parties and supersedes all previous proposals, understandings, commitments or representations whatsoever, oral or written, and may be changed only in writing signed by authorized representatives of the parties.

* * * * *

DATED AS OF THE DATE FIRST ABOVE WRITTEN

AMERICAN AIRLINES, INC.

THE BOEING COMPANY

By _____
Its _____

By _____
Its _____

TABLE 1-1 TO
PURCHASE AGREEMENT NO. 1980
777-223IGW AIRCRAFT DELIVERY, DESCRIPTION, PRICE AND ADVANCE PAYMENTS
(GE ENGINES)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

TABLE 1-2 TO
PURCHASE AGREEMENT NO. 1980
777-223IGW AIRCRAFT DELIVERY, DESCRIPTION, PRICE AND ADVANCE PAYMENTS
(ROLLS ROYCE ENGINES)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit A to Purchase Agreement Number 1980

P.A. No. 1980

Page 1 of 1

A-1

AIRCRAFT CONFIGURATION

Dated October _____, 1997

relating to

BOEING MODEL 777-223IGW AIRCRAFT

The configuration of the Aircraft is described in Detail Specification D019W004-AAL-1B, dated of even date herewith. The Detail Specification consists of Boeing Standard Detail Specification D019W004, Revision A, dated February 29, 1996, as amended to incorporate the applicable specification language which reflects the changes to such specification to be included herein when identified, including the effects of such changes on the Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). The current revision of the above Detail Specification D019W004-AAL-1B may be further revised under future change orders to reflect the effects of additional changes and features as may be selected by Customer concurrent with, or subsequent to, execution of this Purchase Agreement.

A-1

P.A. No. 1980

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit B to Purchase Agreement Number 1980

B

P.A. No. 1980

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

relating to

BOEING MODEL 777-223IGW AIRCRAFT

Both Boeing and Customer have certain documentation and approval responsibilities at various times during the construction cycle of Customer's Aircraft that are critical to making the delivery of each Aircraft a positive experience for both parties. This Exhibit B documents those responsibilities and indicates recommended completion deadlines for the actions to be accomplished.

1. GOVERNMENT DOCUMENTATION REQUIREMENTS.

Certain actions are required to be taken by Customer in advance of the Scheduled Delivery Month of each Aircraft with respect to obtaining certain government issued documentation.

1.1 Registration Documents.

Not later than 6 months prior to delivery of each Aircraft, Customer will notify Boeing of the registration number to be painted on the side of the Aircraft. In addition, and not later than 3 months prior to delivery of each Aircraft, Customer will, by letter to the regulatory authority having jurisdiction, authorize the temporary use of such registration number by Boeing during the pre-delivery testing of the Aircraft. Customer is responsible for furnishing any temporary or permanent registration certificates required by any Governmental Authority having jurisdiction to be displayed aboard the Aircraft after delivery.

1.2 Certificate of Sanitary Construction.

Boeing will obtain from the United States Public Health Service prior to delivery of each Aircraft a United States Certificate of Sanitary Construction for the Aircraft being delivered. The certificate will be delivered to Customer at delivery of each Aircraft, and Customer will display such certificate (or a written statement of the location of the original certificate) aboard each Aircraft after delivery to Customer.

B-1

2. INSURANCE CERTIFICATES.

Insurance certificate requirements are defined in Article 8 of the AGTA.

3. FLYAWAY CONFIGURATION AND FERRY FLIGHT INFORMATION.

3.1 Flyaway Configuration Notice.

Not later than 14 days prior to delivery of the Aircraft, Customer will provide to Boeing a configuration letter stating the requested flyaway configuration of the Aircraft for its ferry flight. This configuration letter should include:

(i) the name of the company which is to furnish fuel for the ferry flight and any scheduled post-delivery flight training, the method of payment for such fuel, and fuel load for the ferry flight;

(ii) the cargo to be loaded and where it is to be stowed on board the Aircraft and address where cargo is to be shipped after flyaway; and

(iii) any BFE equipment to be removed prior to flyaway and returned to Boeing BFE stores for installation on Customer's subsequent Aircraft.

The information contained in such configuration letter may be changed from time to time by the mutual consent of Boeing and Customer.

3.2 Ferry Flight Information.

Customer will provide to Boeing at least 24 hours prior to delivery of each Aircraft:

(i) a complete list of names and citizenship of each crew member and non-revenue passenger who will be aboard the ferry flight; and

(ii) a complete ferry flight itinerary.

4. DELIVERY ACTIONS BY BOEING.

4.1 Schedule of Inspections. Subsequent to the Boeing production flight test, all FAA, Boeing, Customer and, if required, U.S. Customs Bureau inspections will be scheduled by Boeing for completion prior to delivery of the Aircraft. Customer will be informed of such schedules with as much advance notice as practicable.

4.2 Schedule of Demonstration Flights. All FAA and Customer demonstration flights will be scheduled by Boeing for completion prior to delivery of the Aircraft. Boeing will provide to Customer at least 14 days prior written notice of the date, time, and location of such flight. Boeing will notify Customer in writing of any changes to such date, time, and location.

4.3 Schedule for Customer's Flight Crew. Boeing will inform Customer of the date that a flight crew is required for acceptance routines associated with delivery of the Aircraft.

4.4 Fuel Provided by Boeing. Boeing will provide to Customer, without charge, 3,000 U.S. gallons of fuel and full capacity of engine oil at the time of delivery or prior to the ferry flight of the Aircraft.

4.5 Flight Crew and Passenger Consumables. Boeing will provide a sufficient supply of food, potable water, coat hangers, towels, toilet tissue, garbage bags, drinking cups and soap for the first segment of the ferry flight for the Aircraft.

4.6 Delivery Papers, Documents and Data. Boeing will have available at the time of delivery of the Aircraft all delivery papers, documents and data for execution and delivery. Boeing will pre-position in Oklahoma City, Oklahoma, for filing with the FAA at the time of delivery of the Aircraft an executed original Form 8050-2, Aircraft Bill of Sale, for the sale to Customer and any additional executed forms of such bill of sale for any transfers of title to the Aircraft from any of Boeing's sales subsidiary so that following recordation of such bill(s) of sale, Customer will have good and marketable title to the Aircraft.

4.7 Delegation of Authority. Boeing will present a certified copy of a Resolution of Boeing's Board of Directors, designating and authorizing certain persons to act on its behalf in connection with delivery of the Aircraft including the person executing the transfer of title documents.

4.8 Standard Airworthiness Certificate. Boeing will provide at delivery of each Aircraft the Standard Airworthiness Certificate in accordance with Article 3 of the AGTA.

5. DELIVERY ACTIONS BY CUSTOMER.

5.1 Aircraft Radio Station License. At delivery Customer will provide a copy of its Aircraft Radio Station License (or a written statement of the location of the original license) to be placed on board the Aircraft following delivery.

5.2 Aircraft Flight Log. At delivery Customer will provide the Aircraft Flight Log for the Aircraft.

5.3 Delegation of Authority. Customer will present to Boeing at delivery of the Aircraft an original or certified copy of Customer's Delegation of Authority designating and authorizing certain persons to act on its behalf in connection with delivery of the specified Aircraft.

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PURCHASE AGREEMENT DEFINITIONS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit C to Purchase Agreement Number 1980

C

P.A. No. 1980

PURCHASE AGREEMENT DEFINITIONS

Dated October _____, 1997

relating to

BOEING MODEL 777-223IGW AIRCRAFT

I. Definitions.

The following terms, when used in capitalized form in this Purchase Agreement, including the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to this Purchase Agreement, have the following meanings:

"Advance Payments" means the payments made by Customer in advance of delivery with respect of an Aircraft pursuant to Section 4.2 of the Purchase Agreement.

"Advance Payment Base Price" has the meaning set forth in Section 2.1.6 of the AGTA.

"Affiliate", with respect to a specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AGTA" has the meaning set forth in the recital of the Aircraft General Terms Agreement of even date herewith between Boeing and Customer.

"Aircraft" means any or all, as the context requires, of the Boeing Model 777-223IGW aircraft described in Table 1 to the Purchase Agreement, together with the Engines and Parts that are incorporated or installed in or attached to such aircraft.

"Aircraft Basic Price" has the meaning set forth in Section 2.1.4 of the AGTA.

"Aircraft Software" has the meaning set forth in Part 1 of the Product Assurance Document.

"Aircraft Price" has the meaning set forth in Section 2.1.7 of the AGTA.

"Airframe Escalation Adjustment Document" has the meaning set forth in Section 2.1.5 of the AGTA.

"Airframe Price" has the meaning set forth in Section 2.1.1 of the AGTA.

"ATA" has the meaning set forth in Section 1 to Part 3 of the Customer Support Document.

"Authorized Agent" has the meaning set forth in Part 1 of the Product Assurance Document.

"Average Direct Hourly Labor Rate" has the meaning set forth in Part 1 of the Product Assurance Document.

"BFE Provisions Document" means the Buyer Furnished Equipment Provisions Document attached to the AGTA as Exhibit A.

"Boeing" has the meaning set forth in the recital of the AGTA.

"Boeing Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Buyer Furnished Equipment" or "BFE" has the meaning set forth in Section 1.2 of the AGTA.

"Correct" or "Correction" has the meaning set forth in Part 1 of the Product Assurance Document.

"Corrected Boeing Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Customer" has the meaning set forth in the recital of the AGTA.

"Customer Support Document" means the Customer Support Document attached to the AGTA as Exhibit B.

"Deposit" means the deposit made by Customer in respect of an Aircraft pursuant to Section 4.1 of the Purchase Agreement.

"Detail Specification" means the Detail Specification identified in Exhibit A to the Purchase Agreement, as the same is amended from time to time by Boeing and Customer pursuant to Article 4 of the AGTA.

"Development Changes" has the meaning set forth in Section 4.2 of the AGTA.

"Direct Labor" has the meaning set forth in Part 1 of the Product Assurance Document.

"Direct Materials" has the meaning set forth in Part 1 of the Product Assurance Document.

"Documents" has the meaning set forth in Section 4.6 of Part 3 to the Customer Support Document.

"Engine" means each of the two engines installed on the Aircraft and identified in either (subject to Customer selection) Table 1-1 or Table 1-2 to the Purchase Agreement, together with any and all Parts incorporated or installed in or attached to each such engine.

"Engine Price" has the meaning set forth in Section 2.1.3 of the AGTA.

"Engine Price Adjustment" means the adjustment to the Engine Price determined in accordance with the formula set forth in Supplemental Exhibit EE1 to the Purchase Agreement.

"Engine Supplier" means the manufacturer of the Engine.

"Escalation Adjustment" has the meaning set forth in Section 2.1.5 of the AGTA.

"Excusable Delay" has the meaning set forth in Section 7.1 of the AGTA.

"FAA" means the Federal Aviation Administration of the United States of America and any agency or instrumentality of the United States government succeeding to its functions.

"Failed Component" has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

"Failure" has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

"Federal Aviation Regulations" means the regulations promulgated by the FAA from time to time and any official interpretations thereof.

"Field Services" has the meaning set forth in Section 1 of Part 2 to the Customer Support Document.

"Governmental Authority" means any federal, state, county, local or foreign governmental entity or municipality or subdivision thereof or any authority, arbitrator, department, commission, board, bureau, body, agency, court or other agency or instrumentality thereof.

"Governmental Regulations" means: (1) the Type Certificate for the Aircraft; (2) any other certification, license or approval issued or required for the Aircraft by the FAA or any other Governmental Authority having jurisdiction over Boeing or the Aircraft; (3) any other law, rule, order or regulation of the United States Government or any agency or instrumentality thereof, having jurisdiction over the Aircraft or Boeing; (4) all regulations and official interpretations of the certification, license, or approval requirements described in (1), (2) and (3) above; and (5) all airworthiness directives issued by the FAA.

"Interface Problem" has the meaning set forth in Section 1 of Part 5 of the Product Assurance Document.

"Manufacturer Change" has the meaning set forth in Section 3.2.1 of the AGTA.

"Operator Changes" has the meaning set forth in Section 3.3.1 of the AGTA.

"Optional Features" means those Parts identified as optional features in the Detail Specification.

"Optional Features Prices" has the meaning set forth in Section 2.1.2 of the AGTA.

"Parts" means any and all appliances, parts, instruments, appurtenances, accessories, furnishings, and other equipment or property of whatever nature incorporated or installed in or attached to an Aircraft upon delivery or otherwise pursuant to the Purchase Agreement.

"Performance Guarantees" has the meaning set forth in Section 5.4 of the AGTA.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Policy" has the meaning set forth in Section 1 of Part 3 of the Product Assurance Document.

"Product Assurance Document" means the Product Assurance Document attached to the AGTA as Exhibit C.

"Proprietary Information" has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

"Proprietary Materials" has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

"Purchase Agreement" means Purchase Agreement No. 1980, of even date herewith, between Boeing and Customer for the purchase of the Aircraft, including, without limitation, the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to such Purchase Agreement.

"Scheduled Delivery Month" means, with respect to an Aircraft, the scheduled month and year of delivery for such Aircraft as set forth in Section 2 of the Purchase Agreement.

"Seller Furnished Equipment" or "SFE" means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as "seller furnished equipment."

"Seller Purchased Equipment" or "SPE" means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as "seller purchased equipment."

"SLP Component" has the meaning set forth in Section 1 of Part 3 of Product Assurance Document.

"Standard Airworthiness Certificate" means a standard airworthiness certificate for transport category aircraft applicable to an Aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations (or any successor regulations).

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

"Supplier Product" has the meaning set forth in Part 1 of the Product Assurance Document.

"Suppliers" has the meaning set forth in Section 1 of Part 4 of the Product Assurance Document.

"Taxes" has the meaning set forth in Section 2.2 of the AGTA.

"Type Certificate" means a type certificate for transport category aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations or any successor regulation.

"Warranty Inspections" has the meaning set forth in Part 1 of the Product Assurance Document.

II. Interpretive Provisions.

When reference is made to an article, section, attachment, exhibit, schedule or supplement of the "AGTA" or a "Purchase Agreement" without further reference to a particular letter agreement, attachment, exhibit, schedule or supplement thereto, such reference shall be deemed to be a reference to the main text of the AGTA or such Purchase Agreement, respectively.

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P.A. No. 1980

SUPPLEMENTAL EXHIBIT BFE1
 TO
 PURCHASE AGREEMENT NO. 1980
 BETWEEN
 THE BOEING COMPANY
 AND
 AMERICAN AIRLINES, INC.

Buyer Furnished Equipment (BFE) Variables
 Model 777-223IGW

This Exhibit Supplement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft.

1. Supplier Selection.

Customer has selected and notified Boeing of the suppliers for the seats, galley systems and video/cabin management systems.

2. On-dock Dates.

On or before April 1, 1998, Boeing will provide to Customer a BFE Requirements On-Dock/Inventory Document (BFE Document) or an electronically transmitted BFE Report which may be periodically revised, setting forth the items, quantities, on-dock dates and shipping instructions relating to the in sequence installation of BFE. For planning purposes, a preliminary BFE on-dock schedule for the first Aircraft is set forth below:

Delivery				
Month & Year	Seats	Galleys	Electronics	Furnishings

January 1999	10-28-98	10-2-98	9-4-98	10-22-98

BFE1-1

P.A. No. 1980

SUPPLEMENTAL EXHIBIT CS1

TO

PURCHASE AGREEMENT NO. 1980

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

777 CUSTOMER SUPPORT VARIABLES

The customized Customer Support Program will be based upon and equivalent to the entitlements summarized below. Customer may create a customized program by selecting from the courses, training materials, services and technical data and documents set forth below in quantities of Customer's choosing and/or by substituting in lieu thereof such additional or different services or materials as the parties may mutually agree; provided, that the value of the services and materials comprising the customized program shall not in the aggregate exceed the value of those entitlements summarized below.

PART 1: MAINTENANCE AND FLIGHT TRAINING PROGRAMS; OPERATIONS ENGINEERING SUPPORT

1. Maintenance Training.

1.1 General Familiarization Course.

This course provides general systems information for Customer's upper management personnel; it does not address the maintenance of the Aircraft and its systems in the detail required by maintenance personnel.

Two classes; up to 24 students per class.

CS1-1

P.A. No. 1980

1.2 Mechanical/Electrical Systems Course (Instructor).

This course provides instruction on the normal operation and maintenance of the Aircraft mechanical and electrical systems, and is oriented to those personnel who require instructor-level knowledge of aircraft mechanical and electrical systems.

One class; up to 15 students.

1.3 Mechanical/Electrical Systems Course (Line and Base).

This course provides instruction on the normal operation and maintenance of the Aircraft mechanical and electrical systems, and is oriented to those personnel who specialize in line and base maintenance of aircraft mechanical and electrical systems.

Two classes; up to 15 students per class.

1.4 Avionics Systems Course (Instructor).

This course provides instruction on the normal operation and maintenance of the Aircraft avionics systems, and is oriented to those personnel who require instructor-level knowledge of aircraft avionics systems.

One class; up to 15 students.

1.5 Avionics Systems Course (Line and Base).

This course provides instruction on the normal operation and maintenance of the Aircraft avionics systems, and is oriented to those personnel who specialize in line and base maintenance of aircraft avionics systems.

One class; up to 15 students.

NOTE: A reasonably representative copy of the Maintenance Manual, Wiring Diagram Manual and System Schematics Manual will be available for student reference in each class of the courses described in Section 1.2, 1.3, 1.4 and 1.5 above. Boeing will exercise every reasonable effort to provide copies of Customer's customized manuals for such reference.

CS1-2

1.6 Engine Run-Up Course.

This course provides instruction on test procedures and values for those personnel involved with engine run-up after an engine change. Students for this course must have successfully completed the Mechanical/Electrical Systems Course described above.

Two classes; up to 3 students per class.

1.7 Corrosion Prevention and Control Course.

This course provides instruction on aircraft corrosion prevention and control.

One class; up to 10 students.

1.8 Aircraft Rigging Course.

This course provides instruction on aircraft rigging so as to provide specialist personnel with the necessary information to rig all flight control surfaces, landing gear components, aircraft doors and engines.

One class; up to 6 students at a mutually agreed upon alternate facility.

1.9 Advanced Composite Repair Course.

This course provides instruction for structural repair personnel and promotes understanding of the design philosophy, inspection and repair of advanced composite components.

One class; up to 8 students.

1.10 Digital Data Familiarization Course.

This course provides familiarization training for instructors on maintenance training products provided by Boeing.

One class; up to 15 students.

1.11 Cabin Management System (CMS) Configuration Database Generator (CDG) Familiarization Course.

This course will use the CDG Training Manual as primary text and CDG User Manual as reference source in providing hands-on training to airline personnel in the utilization of CDG. The course will also include an overview of CMS components, locations and system operation.

One class; up to 6 students.

1.12 Post-Delivery Practical Observation.

If requested by Customer prior to the conclusion of the Maintenance Training Planning Conference, Boeing will coordinate the assignment of up to 8 of Customer's maintenance personnel to observe the routine maintenance practices Boeing performs on the Aircraft during Customer 's flight training in the Seattle area provided pursuant to Part 1 of the Customer Support Document.

1.13 Supplier Training.

Each maintenance training course will include sufficient information, for purposes of supporting line maintenance functions, on the location, operation and servicing of Aircraft Parts provided by Suppliers. If Customer requires additional maintenance training with respect to any Supplier Parts. Customer shall schedule such training directly with the supplier thereof. If Customer experiences difficulty in scheduling such training, Boeing shall, if requested by Customer, assist Customer in coordinating and scheduling such Supplier -provided maintenance training.

1.14 Boeing Training Program Materials.

Training materials will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, computer-based training courseware, instrument panel wall charts, text/graphics, video programs, etc. will be provided for use in Customer's own training program.

1.15 Student Training Material.

No revision service will be provided for the material provided hereunder.

CS1-4

1.15.1 Manuals.

Boeing will provide at the beginning of each Maintenance Training course one copy of a training manual or equivalent for each student attending such course.

1.15.2 Panel Description/Component Locator/Field Trip Checklist Manual.

Boeing will provide 1 copy of a Panel Description/Component Locator/Field Trip Checklist Manual for each student in the applicable Maintenance Training course.

1.16 Other Training Material.

Boeing will provide to Customer 1 set of the following training materials, as used in the courses described above:

1.16.1 Visual Aids.

- (a) 8-1/2 x 11-inch blackline projection transparencies.
- (b) Full-scale instrument panel wall charts in the form of black and white copies and mylar reproducible copies.
- (c) Training slides.

1.16.2 Reproducible Masters.

8-1/2 x 11-inch prints suitable for black and white reproduction of all graphics and applicable text.

1.16.3 Video Programs.

Video programs on 3/4-inch U-matic or 1/2-inch VHS cassette formats in NTSC, PAL or SECAM standards, as selected by Customer.

1.16.4 Computer-Based Training (CBT) Courseware.

CBT courseware, and instructions for courseware installation and operation. This courseware will reflect the major configuration of the first Aircraft as delivered to Customer.

CS1-5

1.16.5 Shipment of Materials.

The training materials described above will be shipped to Customer 30 days after completion of the first class of each applicable Maintenance Training course.

1.16.6 Training Material - Aircraft Configuration.

The visual aids and reproducible masters described above (except for CBT as noted in Section 1.16.4 above) will, at the conclusion of the shipments thereof, reflect the configuration of the first Aircraft as delivered to Customer.

1.17 Course Completion Records.

At the completion of the Maintenance Training, Boeing will provide Customer with course completion records consisting of the following:

1.17.1 Master copies of all examinations given.

1.17.2 Attendance and examination records for each student.

1.17.3 Certificate of Completion for each course each student successfully completes.

2. Flight Training.

2.1 Transition Training.

The flight crew training course is approved by the FAA and is designed to train flight crews to operate the Aircraft safely and efficiently under normal and non-normal conditions. The training will consist of ground school (utilizing CBT), fixed base simulator, full flight simulator and actual aircraft training on Customer's Aircraft. The flight crew training contemplated by this Section 2.1 may include, at Customer's election, one ground school observer and one flight training observer in each class in addition to the flight crews.

8 flight crews (16 pilots).

CS1-6

2.2 Flight Dispatcher Training.

This course provides familiarization training on the Aircraft's systems, operation, performance capabilities and a brief description of the Aircraft's limitations, followed by in-depth coverage of basic performance, flight analysis, performance for nonstandard operation and flight planning.

2 classes of 6 students.

2.3 Flight Attendant Training.

This course provides familiarization training for airline passenger service personnel. It includes a description of the Aircraft and its features. Emphasis is placed on the equipment and furnishings with which the flight attendant is concerned. Particular attention is given to the attendant's functions related to communications, lighting and emergency equipment. When practicable, a field trip to an aircraft is arranged to observe operation, location and arrangement of equipment.

2 classes of 12 students.

2.4 Performance Engineer Training Courses.

Three types of courses are offered. A schedule for the courses is published and mailed to all Boeing aircraft operators semiannually and a mutually agreed upon number of Customer's personnel may attend, for as long as Customer owns Boeing model aircraft.

2.4.1 General Performance Engineer Course.

This course provides detailed aircraft performance information for personnel involved in route planning, performance analysis and evaluation and engineering flight testing. The course includes a review of basic high-speed aerodynamics and engine performance and operation. Students will make calculations to help them recognize and understand the variables which influence turbojet aircraft performance.

2.4.2 Model-Specific Performance Engineer Course.

This course relates to a specific model aircraft. It covers a brief review of basic aerodynamics and basic jet engine performance, followed by detailed coverage of specific performance for the aircraft model type. Detailed flight planning, including emergency conditions, is covered.

CS1-7

2.4.3 Operational Performance Engineer Course.

This course is directed toward personnel who have completed the performance engineer general and specific courses and have several years' related experience. The course includes expanded coverage of aircraft noise, runway loading, and various operational, safety and economic considerations.

2.5 Training Materials.

Training materials will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, CBT courseware, instrument panel wall charts, text/graphics, video programs, etc. will be provided for use in Customer's own training program.

2.5.1 Student training material, in Boeing's then-standard format, will be provided to Customer's personnel (1 set for each student and observer) as listed below. No revision service will be provided for the material provided pursuant to this Section 2.5.1.

(a) Flight Crew Course.

Operations Manual
Quick Reference Handbook
Student Training Manual
Flight Crew Training Manual
Instrument Training Manual - as required

(c) Flight Dispatcher Course.

Flight Dispatcher Training Manual

(d) Flight Attendant Course.

Flight Attendant Training Manual

(e) Performance Engineer Courses.

Assorted documents, excerpts and handouts.

2.5.2 Other Training Materials.

At the conclusion of the Flight Training, Boeing will provide one set of the following material, as used in the Flight Training Program. Revision service will not be provided for these materials. All paper documentation will be provided in MS Word 6.0 format or compatible PC format.

- (a) Boeing will provide a copy of Boeing developed CBT materials used in the Flight Training Program. This CBT courseware will reflect major configuration options delivered on Customer's first Aircraft. Customer will require certain equipment and materials in order to use the CBT Program. Equipment and materials required to run the CBT Program will be procured by Customer at Customer's expense. The CBT materials provided include the following:
- (i) 1 copy of all lesson files supplied on CD-ROM disc.
 - (ii) 1 paper copy of loading and operation instructions for installing the lessons on an MS-DOS compatible personal computer or File Server.
 - (iii) 1 copy of the runtime software required to run the CBT lessons, together with a license for unlimited run-time use for presentation via network system and/or stand alone computer terminals to any employee or contract trainee of Customer and/or any Affiliate, or casual visitor at any location. Customer agrees not to sell such material.
- (b) Full-Scale Color Instrument Panel Wall Charts reflecting the configuration of the first Aircraft as delivered to Customer.
- (c) Flight Crew Training Record.
- (d) Examinations Questions.
- (e) Student Training Manual.
- (f) Video programs on 3/4-inch U-matic or 1/2 inch VHS cassette format in NTSB, PAL or SECAM standards as selected by Customer.

CS1-9

- (g) Flight Attendant Manual (50 copies).
- (h) Flight Attendant Training Course (script, slides and video tapes on 3/4-inch U-matic or 1/2 inch VHS cassette format in NTBC, PAL or SECAM standards as selected by Customer).

2.6 Additional Flight Operations Services.

2.6.1 Subject to availability, Boeing shall if seasonably requested by Customer, provide Boeing flight crew personnel to assist in ferrying the first Aircraft to Customer's main base, and Customer shall pay Boeing's standard charge for such assistance;

2.6.2 Boeing will provide up to 90 days of instructor pilot services which will include such activities as: (i) review of Customer's flight crew operations; (ii) observation of Customer's cockpit crews; (iii) post-flight reviews of flight crew operations; (iv) consultation regarding flight crew operations; and (v) route proving flights.

2.6.3 Boeing will provide, approximately six (6) months after completion of the flight training provided pursuant to the immediately preceding sub-section 2.6.2, at a base designated by Customer, the services of an instructor pilot for a period of two (2) weeks to review Customer's flight crew operations or to assist Customer's instructor personnel in conducting proficiency checks, or both.

PART 2: FIELD AND ENGINEERING SUPPORT SERVICES

1. Planning Assistance.

Boeing will provide the following additional documents and services:

1.1 Spares.

1.1.1 Recommended Spares Parts List (RSPL).

A customized RSPL, data and documents will be provided to identify spare parts required for Customer's support program.

1.1.2 Illustrated Parts Catalog (IPC).

A customized IPC in accordance with ATA 100 will be provided.

1.1.3 Provisioning Training.

Provisioning training will be provided for Customer's personnel at Boeing's facilities, where documentation and technical expertise are available. Training is focused on the initial provisioning process and calculations reflected in the Boeing RSPL.

1.1.4 Spares Provisioning Conference.

A provisioning conference will be conducted, normally at Boeing's facilities where technical data and personnel are available.

PART 3: TECHNICAL INFORMATION AND MATERIALS

Boeing will provide the Documents listed in Attachment A hereto in accordance with Part 3 of the Customer Support Document.

CS1-11

P.A. No. 1980

CUSTOMER SUPPORT DOCUMENT

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Attachment A to Supplemental Exhibit CS1 to
Purchase Agreement Number 1980

P.A. No. 1980

Item -----	Description -----	Quantity -----
A.	FLIGHT OPERATIONS	
1.	Airplane Flight Manual	
a.	Advance Representative Copy	Format: 11 Printed One Side Revisions: No Delivery: 60 days after signing Purchase Agreement
b.	Customized Manual	Format: 3 Printed One Side Revisions: Yes Delivery: On board each Aircraft
		Format: 10 Printed One Side Revisions: Yes Delivery: 30 days after delivery of first Aircraft
c.	Digital Performance Information (AFM-DPI)	Format: 3 3.5 inch (1.44MB) IBM Compatible Diskette Revisions: Yes Delivery: 180 days prior to delivery of first Aircraft
2.	Operations Manual	
a.	Advance Representative Copy	Format: 11 Printed Two Sides Revisions: No Delivery: 60 days after signing Purchase Agreement
b.	Customized Manual	Format: 12 Printed Two Sides 2 Digital Format - (1) CD-ROM Framemaker Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
3.	Planning and Performance Manual	
a.	Advance Representative Copy	Format: 1 Printed Two Sides Revisions: No Delivery: As soon as practicable
b.	Customized Manual	Format: 1 Printed Two Sides Revisions: Yes Delivery: Concurrent with delivery of first Aircraft

Item -----	Description -----	Quantity -----
4.	Weight and Balance Manual	
a.	Chapter 1 "Control"	
1.	Advance Representative Copy	Format: 6 Printed Two Sides Revisions: No Delivery: As soon as practicable
2.	Customized Manual	Format: 8 Printed Two Sides Revisions: Yes Delivery: 120 days prior to delivery of first Aircraft
b.	Chapter 2 "Aircraft Reports"	Format: 2 Printed One Side Revisions: No Delivery: On board each Aircraft
5.	Dispatch Deviation Guide	
a.	Advance Representative Copy	Format: 2 Printed Two Sides 2 CD-ROM Framemaker Revisions: No Delivery: 60 days after signing of Purchase Agreement
b.	Customized Dispatch Deviation Guide	Format: 14 Printed Two Sides 2 CD-ROM Framemaker Revisions: Yes Delivery: As soon as practicable, but no later than 60 days prior to delivery of first Aircraft
6.	Flight Crew Training Manual	
a.	Advance Representative Copy	Format: 14 Printed Two Sides 2 Digital format Revisions: Yes Delivery: 60 days after signing of Purchase Agreement
b.	Customized Manual	Format: 14 Printed Two Sides 2 Digital format Revisions: Yes Delivery: As soon as practicable, but no later than 60 days prior to delivery of first Aircraft

Item	Description	Quantity
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7.	Baggage/Cargo Loading Manual	Format: 5 Printed One Side Printed Two Sides Microfilm, 16mm Duplicate
	Check if required: x	2 Microfilm, 16mm Master
	Check if required: x	2 Digital Format
		Revisions: Yes
		Delivery: 90 days prior to delivery of first Aircraft
8.	Fault Reporting Manual (FRM)	
a.	Advance Representative Copy	Format: 3 Printed Two Sides Revisions: No Delivery: 90 days after signing Purchase Agreement
b.	Customized Manual	Format: 3 Printed Two Sides
	Check if required: x	2 Digital Format
		Revisions: Yes
		Delivery: Concurrent with delivery of first Aircraft
9.	Performance Engineer's Manual	Format: 2 Printed Two Sides Revisions: Yes Delivery: Concurrent with delivery of first Aircraft
10.	Jet Transport Performance Methods	Format: 5 Printed Two Sides Revisions: No Delivery: 90 days prior to delivery of First Aircraft
11.	FMC Supplemental Data Document	Format: 6 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
12.	Operational Performance Software (OPS)	
a.	Inflight and Report (INFLT/REPORT) Software	Format: 9 Track Magnetic Tape in ASCII or EBCDIC Format 3 3.5 Inch (1.44MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications 3.5 Inch (1.4MB) macintosh Diskette
		Revisions: Yes
		Delivery: 180 days prior to delivery of first Aircraft

Item -----	Description -----	Quantity -----
b.	Airplane Performance Monitoring (APM/HISTORY) Software	Format: 9 Track Magnetic Tape in ASCII or EBCDIC Format 3 3.5 Inch (1.44MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA 3.5 Inch (1.4MB) Macintosh Diskette Revisions: Yes Delivery: 120 days prior to delivery of first Aircraft
c.	Takeoff Analysis Software Boeing Takeoff Module (BTM)	Format: 9 Track Magnetic Tape in ASCII Format 3 3.5 Inch (1.44MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications 5.25 Inch (1.2MB) IBM Compatible Diskette 3.5 Inch (1.4MB) Macintosh Diskette Revisions: Yes Delivery: 180 days prior to delivery of first Aircraft
d.	Landing Analysis Software Boeing Landing Module (BLM)	Format: 9 Track Magnetic Tape in ASCII Format 3 3.5 Inch (1.44MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications 5.25 Inch (1.2MB) IBM Compatible Diskette 3.5 Inch (1.4MB) Macintosh Diskette Revisions: Yes Delivery: 180 days prior to delivery of first Aircraft

Item ----	Description -----	Quantity -----	
e.	Climbout Analysis Software	1	3.5 Inch (1.44MB) IBM Compatible Diskette; Note: Boeing will use best reasonable efforts to provide in the latest version of IATA SCAP specifications
			Revisions: Yes
			Delivery: as soon as practicable, but no later than concurrent with delivery of first Aircraft
B. MAINTENANCE			
1.	Maintenance Manual		
a.	Advance Representative Copy	1	Printed
		1	Microfilm, 16mm duplicate
		2	Digital Format
			Revisions: No
			Delivery: 90 days after signing Purchase Agreement
b.	Customized Master		
	Check if required:	x	2 Microfilm, 16mm Master
	Check if required:	x	2 Digital Format
			Revisions: Yes
			Delivery: 90 days prior to delivery first Aircraft
c.	Customized Manual	1	Printed Two Sides
		—	Printed One Side
		1	Microfilm, 16mm
			Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft
2.	Wiring Diagram Manual		
a.	Advance Representative Copy	1	Microfilm, 16mm
			Revisions: No
			Delivery: 90 days after signing Purchase Agreement

Item ----	Description -----	Quantity -----
b.	Customized Master	Format:
	Check if required: <input checked="" type="checkbox"/>	1 35mm Aperture Cards of All Wiring Diagrams and Charts
	Check if required: <input checked="" type="checkbox"/>	1 EDP Portion, 16mm Microfilm Master
	Check if required: <input checked="" type="checkbox"/>	2 Entire Manual, 16mm Microfilm Master
	Check if required: <input checked="" type="checkbox"/>	2 Entire Manual, Digital Format
	Revisions:	Yes, until 90 days after delivery of last Aircraft
	Delivery:	Concurrent with delivery of first Aircraft
c.	Customized Manual	Format: 1 Standard Printed Copies of Entire Manual
		— Standard Printed Copies of all Sections Except EDP Portion
		1 EDP Portion, 16mm Microfilm Duplicate
		2 Entire Manual, 16mm Microfilm
	Revisions:	Yes, until 90 days after delivery of last Aircraft
	Delivery:	Concurrent with delivery of first Aircraft
3.	System Schematics Manual	
a.	Advance Representative Copy	Format: 2 Printed Revisions: No Delivery: 90 days after signing Purchase Agreement
b.	Customized Master	Format:
	Check if required: <input checked="" type="checkbox"/>	— 35mm Aperture Cards of all Schematics
	Check if required: <input checked="" type="checkbox"/>	2 Digital Format
	Revisions:	Yes, until 90 days after delivery of last Aircraft only
	Delivery:	Concurrent with delivery of first Aircraft
c.	Customized Manual	Format: 103 Printed Two Sides 1 Microfilm, 16mm Master
	Revisions:	Yes, until 90 days after delivery of last Aircraft only
	Delivery:	Concurrent with delivery of first Aircraft

Item -----	Description -----	Quantity -----	
4.	Structural Repair Manual	Format:	1 Printed Two Sides — Printed One Side — Microfilm, 16mm Duplicate
	Check if required:	x	2 Microfilm, 16mm Master
	Check if required:	x	2 Digital Format
			Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft
5.	Component Maintenance Manual	Format:	15 Printed Two Sides 7 Microfilm, 16mm Duplicate
	Check if required:	x	2 Microfilm, 16mm Master
	Check if required:	x	2 Digital Format
			Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft
6.	Chapter 20 Standard Overhaul Practices Manual (Common to other models, quantity indicates total for all models)	Format:	7 Printed Two Sides 1 Printed One Side — Microfilm, 16mm Duplicate
	Check if required:	x	2 Microfilm, 16mm Master
			Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft
7.	Chapter 20 Standard Wiring Practices Manual (Common to other models, quantity indicates total for all models)	Format:	— Printed Two Sides — Microfilm, 16mm Duplicate
	Check if required:	x	2 Microfilm, 16mm Master
		x	2 Digital Format
			Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft
8.	Nondestructive Test Manuals	Format:	3 Printed Two Sides — Printed One Side 2 Microfilm, 16mm Duplicate
	Check if required:	x	2 Microfilm, 16mm Master
	Check if required:	x	1 Digital Format
			Revisions: Yes
			Delivery: 90 days prior to delivery of first Aircraft

Item -----	Description -----	Quantity -----
9.	Service Bulletins	Format: 18 Printed Two Sides 1 Digital Format Revisions: Yes Delivery: As developed by Boeing
9a.	Service Bulletin Index	Format: 7 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
10.	Corrosion Prevention Manual	Format: — Printed Two Sides — Printed One Side 8 Microfilm, 16mm Duplicate
	Check if required: x	2 Microfilm, 16mm Master
	Check if required: x	1 Digital Format Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
11.	Fault Isolation Manual	
a.	Advance Representative Copy	Format: 1 Printed Two Sides — Microfilm, 16mm Duplicate 1 Digital Format Revisions: No Delivery: 90 days after signing Purchase Agreement
b.	Customized Master	
	Check if required: x	2 Microfilm, 16mm Master
	Check if required: x	2 Digital Format Revisions: Yes Delivery: Concurrent with delivery of first Aircraft
c.	Customized Manual	Format: 2 Printed Two Sides 40 Microfilm, 16mm Duplicate Revisions: Yes Delivery: Concurrent with delivery of first Aircraft
12.	Ramp Maintenance Manual	
a.	Advance Representative Copy	Format: 1 Printed Two Sides Revisions: No Delivery: 90 days after signing of Purchase Agreement
b.	Customized Manual	Format: 150 Printed Two Sides Revisions: Yes Delivery: Concurrent with delivery of first Aircraft
13.	777 Interior Reconfiguration Document	Format: 1 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft

Item -----	Description -----		Quantity -----	
14.	Power Plant Buildup Manual		6	Printed Two Sides
			1	Printed One Side
			—	Microfilm, 16mm Duplicate
	Check if required:	x	1	Microfilm, 16mm Master
	Check if required:	x	1	Digital Format
			Revisions:	Yes
			Delivery:	90 days prior to delivery of first Aircraft
15.	In Service Activities Report		28	Printed Two Sides
			Revisions:	Yes
			Delivery:	Issued Quarterly
16.	Fleet Issues Summary Report		1	Digital format
			Revisions:	Yes
			Delivery:	As developed by Boeing
17.	All Operator Letter		28	Printed One or Two Sides
			Revisions:	Yes
			Delivery:	As developed by Boeing
18.	Service Letters		28	Printed One or Two Sides
			Revisions:	Yes
			Delivery:	As developed by Boeing
19.	Combined Index		8	Printed Two Sides
				Digital Format
			Revisions:	Yes
			Delivery:	As developed by Boeing
20.	Maintenance Tips		27	Printed One or Two Sides
			Revisions:	Yes
			Delivery:	As developed by Boeing
21.	Configuration Database Generator (CDG) User Guide		4	Printed Two Sides
			Revisions:	Yes
			Delivery:	Concurrent with delivery of first Aircraft
22.	Production Management Database		1	Digital Format
C.	MAINTENANCE PLANNING			
1.	Maintenance Planning Data (MPD) Documents		9	Printed Two Sides
			2	Microfilm, 16mm Duplicate
			—	Microfilm, 16mm Master
	Check if required:	x	1	Digital Format
			Revisions:	No
			Delivery:	90 days after signing Purchase Agreement

Item	Description	Quantity
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2.	Maintenance Task Cards	
a.	Advance Representative Copy (Check One)	x
	Format:	1 Printed One Side
		1 Digital Format
	Revisions:	No
	Delivery:	TBD
b.	Customized Masters	
	Check if required:	x
	Format:	1 Microfilm, 16mm Master
	Check if required:	x
	Format:	1 Digital Format
c.	Customized Cards	
	Format:	1 Printed One Side
		Microfilm, 16mm Duplicate
	Revisions:	Yes
	Delivery:	90 days prior to delivery of first Aircraft
4.	Maintenance Inspection Interval Reports (Common with other models quantity indicates total required)	
	Format:	4 Printed Two Sides
	Revisions:	Yes
	Delivery:	90 days prior to delivery of first Aircraft
D.	SPARES	
1.	Illustrated Parts Catalog (Select one format only)	
	Format:	1 Printed Two Sides
		Printed One Side
		Microfilm, 16mm Duplicate
	Check if required:	x
	Format:	2 Microfilm, 16mm Master
	Check if required:	x
	Format:	2 Digital Format
	Revisions:	Yes, until 90 days after delivery of last Aircraft
	Delivery:	90 days prior to delivery of first Aircraft
2.	Standards Books (Unless previously provided pursuant to other agreements, in which case applicable supplements will be provided)	
	Format:	Printed Two Sides
		30 Microfilm, 16mm Duplicate
	Revisions:	Yes
	Delivery:	90 days prior to delivery of first Aircraft
E.	FACILITIES AND EQUIPMENT PLANNING	
1.	Facilities and Equipment Planning documents	
	Format:	8 Printed Two Sides
	Check if required:	x
	Format:	1 Microfilm, 16mm Master
	Revisions:	Yes
	Delivery:	90 days after signing Purchase Agreement

Item	Description	Quantity
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2.	Special Tool and Ground Handling Equipment Drawings	Format: 1 Microfilm, 35 mm Duplicate in Aperture Card Format On-line via BOLD as available and as covered by separate BOLD license agreement Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
3.	Special Tool and Ground Handling Equipment Drawing Index	Format: 1 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
4.	Supplementary Tooling Documentation (Common with other models quantity indicates total required)	Format: 2 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
5.	System Test Equipment Document	Format: 3 Printed One Side Revisions: Yes Delivery: 90 days after signing Purchase Agreement
6.	Illustrated Tool and Equipment List/Manual	Format: — Printed One Side 2 Printed Two Sides 15 Microfilm, 16mm Duplicate 2 Microfilm 16mm Master 1 Digital Format Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
	Check if required: x	
	Check if required: x	
7.	Aircraft Recovery Document	Format: 10 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
8.	Airplane Characteristics for Airport Planning	Format: 7 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
9.	Airplane Rescue and Fire Fighting Document (Common with other models quantity indicates total required)	Format: 1 Printed Two Sides Revisions: Yes Delivery: 90 days prior to delivery of first Aircraft
10.	Engine Handling Document	Format: 4 Printed Two Sides Revisions: Yes Delivery: 90 days after signing Purchase Agreement
F.	COMPUTER SOFTWARE INDEX (Common to other models, quantity indicates total required)	Format: 1 Printed Two Sides Revisions: Yes Delivery: Concurrent with delivery of first Aircraft

Item ----	Description -----	Quantity -----
G.	SUPPLIER TECHNICAL DATA	
1.	Service Bulletins	15
2.	Ground Support Equipment Data	5
3.	Provisioning Information	5
4.	Component Maintenance/ Overhaul Manuals	15
5.	Component Maintenance/ Overhaul Manuals Index (Common to other models, quantity indicates total required)	5
6.	Publications Index	2
7.	Product Support Supplier Directory (Common to other models, quantity indicates total required)	6

SERVICE LIFE POLICY COMPONENTS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit SLP1 to Purchase Agreement Number 1980

SLP1

P.A. No. 1980

SERVICE LIFE POLICY COMPONENTS

relating to

BOEING MODEL 777 AIRCRAFT

This is the listing of SLP Components for the Aircraft which relate to Part 3, "Boeing Service Life Policy" of the Product Assurance Document, and is a part of Purchase Agreement No. 1980.

1. Wing.
 - (a) Upper and lower skins including fixed leading edge and trailing edge skins and panels [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.], and stiffeners.
 - (b) Wing spar webs, chords and stiffeners.
 - (c) Inspar wing ribs.
 - (d) Inspar splice plates and fittings.
 - (e) Upper wing fold hinge, end ribs and lower latch lugs.
 - (f) Main landing gear support structure.
 - (g) Wing center section lower beams, spanwise beams and floor beams, but not the seat tracks attached to the beams.
 - (h) Wing-to-body structural attachments.
 - (i) Engine strut support fittings attached directly to wing primary structure.
 - (j) Support structure in the wing for spoilers and spoiler actuators; for aileron hinges and reaction links; and for leading edge devices and trailing edge flaps.
 - (k) Leading edge device and trailing edge flap support system.
 - (l) Fixed attachment and actuator support structure for aileron, leading edge device and trailing edge flap internal.

SLP1-1

P.A. No. 1980

2. Body.

- (a) External surface skins and doublers, longitudinal stiffeners, longerons and circumferential rings and frames between the forward pressure bulkhead and the vertical stabilizer rear spar bulkhead, and structural support and enclosure for the auxiliary power unit but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (b) Window and windshield structure but excluding the windows and windshields.
- (c) Fixed attachment structure of the passenger doors, cargo doors and emergency exits, excluding door mechanisms and movable hinge components. Sills and frames around the body openings for the passenger doors, cargo doors and emergency exits, excluding scuff plates and pressure seals.
- (d) Nose wheel well structure, including the wheel well walls, pressure deck, forward and aft bulkheads, and the gear support structure.
- (e) Main gear wheel well structure including pressure deck, bulkheads and landing gear beam support structure.
- (f) Floor beams and support posts in the control cab and passenger cabin area, but excluding seat tracks.
- (g) Forward and aft pressure bulkheads.
- (h) Keel structure between the wing front spar bulkhead and the main gear wheel well aft bulkhead, including splices.
- (i) Wing front and rear spar support bulkheads, and vertical and horizontal stabilizer front and rear spar support bulkheads including terminal fittings but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (j) Support structure in the body for the stabilizer pivot and stabilizer screw.

SLP1-2

3. Vertical Stabilizer.

- (a) External skins between front and rear spars.
- (b) Front and rear spars including stiffeners.
- (c) Attachment fittings between vertical stabilizer and body.
- (d) Inspar ribs.
- (e) Support structure in the vertical stabilizer for rudder hinges, reaction links and actuators.
- (f) Support structure for rudder internal, fixed attachment and actuator.
- (g) Rudder hinges and supporting ribs, excluding bearings.

4. Horizontal Stabilizer.

- (a) External skins between front and rear spars.
- (b) Front and rear spars including spllices and stiffeners.
- (c) Inspar ribs.
- (d) Stabilizer splice fittings and pivot and screw support structure.
- (e) Support structure in the horizontal stabilizer for the elevator hinges, reaction links and actuators.
- (f) Support structure for elevator internal, fixed attachment and actuator.
- (g) Elevator hinges and supporting ribs, excluding bearings.

5. Engine Strut.

- (a) Strut external surface skin and doublers and stiffeners.
- (b) Internal strut chords, frames and bulkheads.
- (c) Strut to wing fittings and diagonal brace.
- (d) Engine mount support fittings attached directly to strut structure.

SLP1-3

- (e) For Aircraft equipped with General Electric or Pratt & Whitney engines only, the engine mounted support fittings.

6. Main Landing Gear.

- (a) Outer cylinder.
- (b) Inner cylinder.
- (c) Upper and lower side strut, including spindles and universals.
- (d) Upper and lower drag strut, including spindles and universals.
- (e) Orifice support tube.
- (f) Downlock links including spindles and universals.
- (g) Torsion links.
- (h) Bogie beam.
- (i) Axles.
- (j) Steering crank arm.
- (k) Steering rod.

7. Nose Landing Gear.

- (a) Outer cylinder.
- (b) Inner cylinder, including axles.
- (c) Orifice support tube.
- (d) Upper and lower drag strut, including lock links.
- (e) Steering plates and steering collar.
- (f) Torsion links.
- (g) Actuator support beam and hanger.

SLP1-4

NOTE: The Service Life Policy does not cover any bearings, bolts, bushings, clamps, brackets, actuating mechanisms or latching mechanisms used in or on the SLP Components.

SLP1-5

P.A. No. 1980

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY
FOR GE90 ENGINES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit EE1-A to Purchase Agreement Number 1980

EE1-A

P.A. No. 1980

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY
FOR GE90 ENGINES

relating to

BOEING MODEL 777 AIRCRAFT

1. ENGINE ESCALATION.

(a) The Aircraft Basic Price of each Aircraft set forth in Table 1 of the Purchase Agreement includes an aggregate price for GE90 engines and all accessories, equipment and parts provided by the engine manufacturer. The adjustment in Engine Price applicable to each Aircraft (Engine Price Adjustment) will be determined at the time of Aircraft delivery in accordance with the following formula:

$$P(e) = \frac{(P(b) \times \text{CPI}) - P(b)}{\text{CPI}(b)}$$

(b) The following definitions will apply herein:

P(e) = Engine Price Adjustment

P(b) = Engine Price (per Aircraft), as set forth in Table 1 of the Purchase Agreement.

CPI = the Composite Price Index as determined in accordance with the formula below, utilizing values published by the Bureau of Labor Statistics, U.S. Department of Labor, where base year 1982 = 100.

CPI = L + C + M + E

L = The Labor Index will be equal to 55% of 100 times the quotient of the "Hourly Earnings of Aircraft Engines and Engine Parts Production Workers" SIC 3724 for the ninth month preceding the Scheduled Delivery Month of the Aircraft, divided by \$11.16.

C = The Industrial Commodities Index will be equal to 10% of the Producer Price Index for "all commodities other than Farm and Foods," Code 3-15 associated with the ninth month prior to the Scheduled Delivery Month of the Aircraft.

M = The Metals and Metal Products Index will be equal to 25% of the Producer Price Index for "Metals and Metal Products," Code 10

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associated with the ninth month prior to the Scheduled Delivery Month of the Aircraft.

E = The Fuel Index will be equal to 10% of the Producer Price Index for "Fuel and Related Products and Power," Code 5 associated with the ninth month prior to the Scheduled Delivery Month of the Aircraft.

CPI(b) = The Base Year Index as set forth in Table 1 of the Purchase Agreement

The Engine Price Adjustment will not be made if it would result in a decrease in the Engine Base Price.

(c) The values of the Average Hourly Earnings and Producer Price Indices used will be those published for the specified month as of a date 30 days prior to the Scheduled Delivery Month of the Aircraft. Such values will be considered final and no Engine Price Adjustment will be made after Aircraft delivery for any subsequent changes in published Index values.

(d) If, prior to the delivery of an Aircraft, the U.S. Department of Labor, Bureau of Labor Statistics (i) substantially revises the methodology used for the determination of any index to be used to determine the CPI factor (in contrast to benchmark adjustments or other corrections of previously published data) or (ii) discontinues publication of any of the data referred to above, General Electric Company (GE) agrees to meet jointly with Boeing and Customer (to the extent such parties may lawfully do so) to jointly select a substitute for the revised or discontinued data; such substitute data to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original data as it may have fluctuated had it not been revised or discontinued. If such Engine Price escalation provisions, methodology or data publication are subsequently reinstated, Boeing will make adjustments consistent with the agreements defined in this Supplemental Exhibit EE1-A.

NOTE: The factor (CPI divided by CPIb) by which the Engine Price is to be multiplied will be expressed as a decimal and rounded to the nearest thousandth. Any rounding of a number, as required under this Supplemental Exhibit EE1-A with respect to escalation of the Engine Price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

2. ENGINE WARRANTY AND PRODUCT SUPPORT PLAN.

Boeing has obtained from GE the right to extend to Customer the provisions of GE's warranty as set forth below (herein referred to as the "Warranty"); subject, however, to Customer's acceptance of the conditions set forth herein. Accordingly, Boeing hereby extends to Customer and Customer hereby accepts the provisions of GE's Warranty as

EE1-A-2

hereinafter set forth, and such Warranty shall apply to all GE90 type Engines (including all Modules and Parts thereof) installed in the Aircraft at the time of delivery or purchased from Boeing by Customer for support of the Aircraft except that, if Customer and GE have executed, or hereafter execute, a General Terms Agreement, or other agreement for the support of the Engines, then the terms of that Agreement shall be substituted for and supersede the provisions of Sections 2.1 through 2.10, below and Sections 2.1 through 2.10 below shall be of no force or effect and neither Boeing nor GE shall have any obligation arising therefrom. In consideration for Boeing's extension of the GE Warranty to Customer, Customer hereby releases and discharges Boeing from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such GE90 type Engines and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities. In addition, Customer hereby releases and discharges GE from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such GE90 type Engines except as otherwise expressly assumed by GE in such GE Warranty, General Terms Agreement, or other agreement for the support of the Engines between Customer and GE and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities.

2.1 Title. GE warrants that at the date of delivery, GE has legal title to and good and lawful right to sell its GE90 Type Engine and Products and furthermore warrants that such title is free and clear of all claims, liens and encumbrances of any nature whatsoever.

2.2 Patents.

2.2.1 GE will handle all claims and defend any suit or proceeding brought against Customer insofar as based on a claim that any product or part furnished under this Purchase Agreement constitutes an infringement of any patent of the United States, and will pay all damages and costs awarded therein against Customer. This paragraph will not apply to any product or any part manufactured to Customer's design or to the aircraft manufacturer's design. As to such product or part, GE assumes no liability for patent infringement.

2.2.2 GE's liability hereunder is conditioned upon Customer promptly notifying GE in writing and giving GE authority, information and assistance (at GE's expense) for the defense of any suit. In case said equipment or part is held in such suit to constitute infringement and the use of said equipment or part is enjoined, GE will expeditiously, at its own expense and at its option, either (1) procure for Customer the rights to continue using said product or part; (2) replace the same with a satisfactory and noninfringing product or part; or (3) modify the same so it becomes satisfactory and noninfringing. The foregoing will constitute the sole remedy of Customer and the sole liability of GE for patent infringement.

EE1-A-3

2.2.3 The above provisions also apply to products which are the same as those covered by this Purchase Agreement and are delivered to Customer as part of the installed equipment on GE90 powered Aircraft.

2.3 Initial Warranty. GE warrants that GE90 Engine products will conform to GE's applicable specifications and will be free from defects in material and workmanship prior to Customer's initial use of such products.

2.4 Warranty Pass-On.

2.4.1 If requested by Customer and agreed to by GE in writing, GE will extend warranty support for Engines sold by Customer to commercial airline operators, or to other aircraft operators. Such warranty support will be limited to the New Engine Warranty, New Parts Warranty, Ultimate Life Warranty and Campaign Change Warranty and will require such operator(s) to agree in writing to be bound by and comply with all the terms and conditions, including the limitations, applicable to such warranties.

2.4.2 Any warranties set forth herein will not be transferable to a third party, merging company or an acquiring entity of Customer.

2.4.3 In the event Customer is merged with, or acquired by, another aircraft operator which has a general terms agreement with GE, the Warranties as set forth herein will apply to the Engines, Modules, and Parts.

2.5 New Engine Warranty.

2.5.1 GE warrants each new Engine and Module against Failure for the initial 3500 Flight Hours as follows:

A. Parts Credit Allowance will be granted for any Failed Parts.

B. Labor Allowance for disassembly, reassembly, tests and Parts Repair of any new Engine part will be granted for replacement of Failed Parts.

C. Such Parts Credit Allowance, test and Labor Allowance will be 100% from new to 3000 Flight Hours and decreasing pro rata from 100% at 3000 Flight Hours to zero percent at 3500 Flight Hours.

2.5.2 As an alternative to the above allowances, GE will upon request of Customer:

A. Arrange to have failed Engines and Modules repaired as appropriate, at a facility designated by GE at no charge to Customer for the

EE1-A-4

first 3000 Flight Hours and at a charge to Customer increasing pro rata from zero percent of GE's repair costs at 3000 Flight Hours to 100% of such GE repair costs at 3500 Flight Hours.

B. Transportation to and from the designated facility shall be at Customer's expense.

2.6 New Parts Warranty. In addition to the warranty granted for new Engines and Modules GE warrants Engine and Module Parts as follows:

2.6.1 During the first 2000 Flight Hours for such Parts and Expendable Parts, GE will grant 100% Parts Credit Allowance or Labor Allowance for repair labor for failed Parts.

2.6.2 GE will grant a pro rata Parts Credit Allowance for Scrapped Parts decreasing from 100% at 2000 Flight Hours Part Time to zero percent at the applicable hours designated in the Table below:

EE1-A-5

GE90 Warranty Parts List*

	FLIGHT HOURS			
	3000	4000	8000	15000
Fan Rotor -----				
Blade, 1st Stage	X			
Blade, Booster Stages 2-4	X			
Disk, 1st Stage				X
Spool, Booster Stages				X
Forward Fan Shaft				X
Spinner	X			
Mid-shaft				X
Fan Stator -----				
Casing incl. Containment			X	
Stator Vane Stages	X			
Booster Cases		X		
Outlet Guide Vane (OGV), Support		X		
Noise Attenuation Panels		X		
Bleed Valve System	X			
Aft Case			X	
Compressor Rotor -----				
Blades	X			
Disks and Spools				X
Shaft, Aft				X
Compressor Stator -----				
Case			X	
Shrouds	X			
Vanes	X			
Variable Stator Actuating Rings	X			
Combustor -----				
Inner/Outer Liners & Dome	X			
HPT Rotor -----				
Blades		X		
Retaining Rings	X			
Shaft, Forward and Aft				X
Disks				X
Thermal Shield	X			
Spacer/Impeller				X

*Warranty Parts List may change

EE1-A-6

	FLIGHT HOURS			
	3000	4000	8000	15000
HPT Stator				
Vane Assemblies		X		
Vane Support		X		
Interstage Seal	X			
Shrouds	X			
Shroud Support		X		
LPT Rotor				
Blades	X			
Interstage Seals	X			
Disks				X
LP Shaft				X
LPT Stator				
Case			X	
Vane Assemblies	X			
Interstage Seals	X			
Shrouds	X			
Fan Frame				
Mid Frame and Struts		X		
All Supports		X		
Fwd. Engine Mount		X		
Fairings		X		
Compressor Rear Frame				
Case			X	
"B" Sump		X		
Condition Monitoring Equipment	X			
Turbine Rear Frame				
Frame			X	
Liner		X		
Bearing Supports		X		
"C/D" Sump		X		
Main Engine Bearings		X		
Gearboxes				
Cases		X		
Shafts, Drive		X		
Gears		X		
Bearings		X		
Plug-in Adapters		X		

*Warranty Parts List may change

EE1-A-7

	FLIGHT HOURS			
	3000	4000	8000	15000
Rotor Tubes and Baffles	X			
Sump Air and Oil Seals	X			
Oil Tank	X			
Controls & Accessories-Engine				
Lube Pump	X			
Scavenge Pump	X			
Scavenge Filter	X			
Fuel/Oil Heat Exchanger	X			
Main Fuel Pump	X			
Fuel Filter	X			
Pressurizing Valve	X			
Hydro Mechanical Unit	X			
Compressor Inlet Temperature Sensor	X			
Variable Stator Actuator	X			
Thermocouple Harness	X			
Tachometer Generator-Fan	X			
Anti-Icing Valve	X			
Ignition Unit	X			
Electronic Control Unit	X			
Fuel Nozzle	X			
Power Alternator	X			

* Warranty Parts List may change

EE1-A-8

P.A. No. 1980

2.7 Ultimate Life Warranty.

2.7.1 GE warrants Ultimate Life limits on the following parts:

Fan Rotor

Disk, Stage 1
Spool, Booster Stages 2-4
Fan-Shaft, Forward
Fan-Shaft, Aft

Compressor Rotor

Disk Shaft, Forward
Spool Stages 2-6
Disk, Stage 7
Spool Shaft, Stage 8-10

High Pressure Turbine Rotor

Disk Shaft, Stage 1
Disk Shaft, Stage 2

Low Pressure Turbine Rotor

Disks, Stage 1-6
Shaft, Cone
Shaft, Forward

2.7.2 GE will grant a pro rata Parts Credit Allowance of 100% when new to 10,000 Flight Cycles, and a credit allowance decreasing pro rata from 100% at 10,000 Flight Cycles to zero percent at 15,000 Flight Cycles. Credit will be granted only when such Parts are permanently removed from service by a GE or U.S. Government imposed Ultimate Life Limitation of less than 15,000 Flight Cycles.

2.8 Campaign Change Warranty.

2.8.1 A campaign change will be declared by GE when a new Part design introduction, Part modification, Part inspection, or premature replacement of an Engine or Module is required by a time compliance (specific date) GE Service Bulletin. Campaign change may also be declared for GE Service Bulletins requesting new Part introduction no later than the next Engine or Module shop visit. GE will grant the following Parts Credit Allowances:

EE1-A-9

Engines and Modules

(1) 100% for Parts in inventory or removed from service when new or with 3000 Flight Hours or less total Part Time.

(2) Pro rata for Parts in inventory or removed from service decreasing pro rata from 100% at 3000 Flight Hours to 50% at 3500 Flight Hours.

(3) 50% for Parts in inventory or removed from service with over 3500 Flight Hours since new, regardless of warranty status.

2.8.2 Labor Allowance - GE will grant 100% Labor Allowance for disassembly, reassembly, modification, testing, or inspection of GE-supplied Engines, Modules or Parts therefor when such action is required to comply with a mandatory time compliance (specific date) GE Service Bulletin. A Labor Allowance will be granted by GE for other GE issued Service Bulletins if so specified in such Service Bulletins.

2.8.3 Life Controlled Rotating Parts retired by Ultimate Life limits are excluded from Campaign Change Warranty.

2.9 Limitations. THE PROVISIONS SET FORTH HEREIN ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL OR IMPLIED. THERE ARE NO IMPLIED WARRANTIES OF FITNESS OR MERCHANTABILITY. SAID PROVISIONS SET FORTH THE MAXIMUM LIABILITY OF GE WITH RESPECT TO CLAIMS OF ANY KIND, INCLUDING NEGLIGENCE, ARISING OUT OF MANUFACTURE, SALE, POSSESSION, USE OR HANDLING OF THE PRODUCTS OR PARTS THEREOF OR THEREFOR, AND IN NO EVENT SHALL GE'S LIABILITY TO CUSTOMER EXCEED THE PURCHASE PRICE OF THE PRODUCT GIVING RISE TO CUSTOMER'S CLAIM OR INCLUDE INCIDENTAL OR CONSEQUENTIAL DAMAGES.

2.10 Indemnity and Contribution.

2.10.1 IN THE EVENT CUSTOMER ASSERTS A CLAIM AGAINST A THIRD PARTY FOR DAMAGES OF THE TYPE LIMITED OR EXCLUDED IN LIMITATIONS, SECTION 2.9 ABOVE, CUSTOMER SHALL INDEMNIFY AND HOLD GE HARMLESS FROM AND AGAINST ANY CLAIM BY OR LIABILITY TO SUCH THIRD PARTY FOR CONTRIBUTION OR INDEMNITY, INCLUDING COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) INCIDENT THERETO OR INCIDENT TO ESTABLISHING SUCCESSFULLY THE RIGHT TO INDEMNIFICATION UNDER THIS PROVISION. THIS INDEMNITY SHALL APPLY WHETHER OR NOT SUCH DAMAGES WERE OCCASIONED IN WHOLE OR IN PART BY THE FAULT OR NEGLIGENCE OF GE, WHETHER ACTIVE, PASSIVE OR IMPUTED.

2.10.2 CUSTOMER SHALL INDEMNIFY AND HOLD GE

EE1-A-10

HARMLESS FROM ANY DAMAGE, LOSS, CLAIM, AND LIABILITY OF ANY KIND (INCLUDING EXPENSES OF LITIGATION AND ATTORNEYS' FEES) FOR PHYSICAL INJURY TO OR DEATH OF ANY PERSON, OR FOR PROPERTY DAMAGE OF ANY TYPE, ARISING OUT OF THE ALLEGED DEFECTIVE NATURE OF ANY PRODUCT OR SERVICE FURNISHED UNDER THIS AGREEMENT, TO THE EXTENT THAT THE PAYMENTS MADE OR REQUIRED TO BE MADE BY GE EXCEED ITS ALLOCATED SHARE OF THE TOTAL FAULT OR LEGAL RESPONSIBILITY OF ALL PERSONS ALLEGED TO HAVE CAUSED SUCH DAMAGE, LOSS, CLAIM, OR LIABILITY, BECAUSE OF A LIMITATION OF LIABILITY ASSERTED BY CUSTOMER OR BECAUSE CUSTOMER DID NOT APPEAR IN AN ACTION BROUGHT AGAINST GE. CUSTOMER'S OBLIGATION TO INDEMNIFY GE HEREUNDER SHALL BE APPLICABLE AT SUCH TIME AS GE IS REQUIRED TO MAKE PAYMENT PURSUANT TO A FINAL JUDGMENT IN AN ACTION OR PROCEEDING IN WHICH GE WAS A PARTY, PERSONALLY APPEARED, AND HAD THE OPPORTUNITY TO DEFEND ITSELF. THIS INDEMNITY SHALL APPLY WHETHER OR NOT CUSTOMER'S LIABILITY IS OTHERWISE LIMITED.

3. SEPARATE AGREEMENT.

Notwithstanding anything to the contrary in Section 2 above, all of the terms and conditions of Section 2 shall be deemed null and void and of no force or effect upon written notice to Boeing from Customer that Customer has entered into a General Terms Agreement or other agreement for the Support of the Engines directly with GE. Such notice will specifically reference this Section.

EE1-A-11

P.A. No. 1980

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY
FOR RB211 ENGINES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit EE1-B to Purchase Agreement Number 1980

EE1-B

P.A. No. 1980

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY
FOR RB211 ENGINES

relating to

BOEING MODEL 777 AIRCRAFT

1. ENGINE ESCALATION.

(a) The Aircraft Basic Price of each Aircraft set forth in Table 1 of the Purchase Agreement includes an aggregate price for Rolls-Royce plc RB211 Trent series engines and all accessories, equipment and parts provided by the engine manufacturer. The adjustment in Engine Price applicable to each Aircraft (Engine Price Adjustment) will be determined at the time of Aircraft delivery in accordance with the following formula:

$$P(e) = (P(b) + F) (L(Q) + M(Q) + E(Q)) - P(b)$$

(b) The following definitions will apply herein:

P(e) = Engine Price Adjustment

P(b) = Engine Price (per Aircraft), as set forth in Table 1 of the Purchase Agreement.

F = $0.005(N)(P(b))$, where N = the calendar year of scheduled Engine delivery minus the Price Base Year set forth in Table 1 of the Purchase Agreement. For this calculation, Engine delivery is assumed to be 3 months prior to the Scheduled Delivery Month of the Aircraft.

L(Q), M(Q) and E(Q) are quotients obtained by dividing the index number shown in the actual data in accordance with the formula below. The index values utilized in the formula will be the arithmetic average of the numbers shown in the actual data for the 16th, 15th, and 14th month prior to the Scheduled Delivery Month of the Aircraft divided by the arithmetic average of the numbers shown in the actual data for the 16th, 15th, and 14th month prior to the Price Base Year month set forth in Table 1 of the Purchase Agreement.

L(Q) = The Labor Index will be equal to 60% of the quotient obtained from "Hourly Earnings of Aircraft Engines and Engine Parts Production Workers" SIC 3724.

EE1-B-1

M(Q) = The Materials Index will be equal to 30% of the quotient obtained from "Producer Price Index - Code 10, Metals and Metal Products".

E(Q) = The Fuel Index will be equal to 10% of the quotient obtained from "Producer Price Index - Code 5, Fuels and Related Products and Power".

The Engine Price Adjustment will not be made if it would result in a decrease in the Engine Base Price.

(c) The values of the Average Hourly Earnings and Producer Price Indices used will be those published for the specified months as of a date 30 days prior to the Scheduled Delivery Month of the Aircraft. Such values will be considered final and no Engine Price Adjustment will be made after Aircraft delivery for any subsequent changes in published Index values.

(d) If, prior to the delivery of an Aircraft, the Bureau of Labor Statistics substantially revises the methodology used for the determination of any index to be used to determine the LQ, MQ or EQ values (in contrast to benchmark adjustments or other corrections of previously released indices), or for any reason has not released indices needed to determine the applicable Engine Price Adjustment, Boeing, Customer and Rolls-Royce plc will, prior to the delivery of such Aircraft, jointly select a substitute index from other Bureau of Labor Statistics data or similar data reported by non-governmental organizations. Such substitute index will result in the same adjustment, insofar as possible, as would have been achieved by continuing to use the original index as such index may have fluctuated during the applicable time period had such index not been revised or discontinued. However, if after delivery of the Aircraft, the Bureau of Labor Statistics should resume releasing indices without revision in methodology for the months needed to determine the Engine Price Adjustment, such indices will be used to determine any increase or decrease in the Engine Price Adjustment from that determined at the time of delivery of the Aircraft. Boeing will make any such adjustments in a manner consistent with the agreements defined in this Supplemental Exhibit EE1-B.

NOTE: The factors by which the Engine Price is to be multiplied will be expressed as a decimal and rounded to the nearest thousandth. Any rounding of a number, as required under this Supplemental Exhibit EE1-B with respect to escalation of the Engine Price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

EE1-B-2

2. ENGINE WARRANTY AND PRODUCT SUPPORT PLAN.

2.1 Boeing has obtained from Rolls-Royce plc the right to extend to Customer the provisions of Rolls-Royce plc's Warranty Agreement (herein referred to as the "Warranty"); subject, however, to Customer's acceptance of the conditions set forth therein. Accordingly, Boeing hereby extends to Customer and Customer hereby accepts the provisions of the Warranty, and such Warranty shall apply to all RB211 Trent Type Engine(s) (including all Modules and Parts thereof) installed in the Aircraft at the time of delivery or purchased from Boeing by Customer for support of the Aircraft except that, if Customer and Rolls-Royce plc have executed a General Terms Agreement or other agreement for the support of the Engines, then the terms of that agreement shall be substituted for and supersede the provisions of the Warranty and the Warranty shall be of no force or effect and neither Boeing nor Rolls-Royce plc shall have any obligation arising therefrom. In consideration for Boeing's extension of the Warranty to Customer, Customer hereby releases and discharges Boeing from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such RB211 Trent Engine(s) and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities. In addition, Customer hereby releases and discharges Rolls-Royce plc from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such RB211 Trent Type Engine(s) except as otherwise expressly assumed by Rolls-Royce plc in such Warranty or General Terms Agreement or other agreement for the support of the Engines between Customer and Rolls-Royce plc, and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities.

The Rolls-Royce plc Warranty is set forth in Exhibit C to the RB211 Trent Type Engine Purchase Contract dated May 31, 1990 between Rolls-Royce plc and Boeing. Copies of the Rolls-Royce plc Warranty shall be provided to Customer by Boeing upon request.

2.2 Notwithstanding anything to the contrary in Section 2.1, all of the terms and conditions of Section 2.1 shall be deemed null and void and of no force or effect upon written notice to Boeing from Customer that Customer has entered into a General Terms Agreement or other agreement for the support of the Engines directly with Rolls-Royce plc. Such notice shall specifically reference this Section 2.

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Miscellaneous Commitments for Model 737, 757, 767 and 777
Aircraft

Reference: Purchase Agreement Nos. 1977, 1978, 1979, and 1980
(collectively, the Purchase Agreements) between The Boeing
Company and American Airlines, Inc. relating to Model 737,
757, 767 and 777 aircraft, respectively

This letter agreement (Letter Agreement) is entered into on the date below, and amends and supplements each Purchase Agreement. All capitalized terms used herein but not otherwise defined in this Letter Agreement have the same meaning as in the applicable Purchase Agreement.

For ease of reference, a "Table of Contents" has been added as Attachment A to this Letter Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

7. CONFIDENTIAL TREATMENT.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or the applicable Purchase Agreement.

P.A. Nos. 1977, 1978, 1979 and 1980

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

- Attachment A - Table of Contents
- Attachment B - [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment C - [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment D - [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. Nos. 1977, 1978, 1979 and 1980

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[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. Nos. 1977, 1978, 1979 and 1980

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

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P.A. Nos. 1977, 1978, 1979 and 1980

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement Nos. 1977, 1978, 1979 and 1980 (collectively, the Purchase Agreements) between The Boeing Company and American Airlines, Inc. relating to Model 737, 757, 767 and 777 aircraft, respectively

This letter agreement (Letter Agreement) is entered into on the date below, and amends and supplements each Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

5. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreements.

P.A. Nos. 1977, 1978, 1979, and 1980

Very truly yours,

THE BOEING COMPANY

By -----

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: -----, 1997

AMERICAN AIRLINES, INC.

By -----

Its

P.A. Nos. 1977, 1978, 1979, and 1980

6-1162-AKP-072

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement Nos. 1977, 1978, 1979 and 1980 (the Purchase Agreements) between The Boeing Company and American Airlines, Inc. relating to Model 737, 757, 767 and 777 aircraft, respectively

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreements referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the applicable Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

11. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreements.

P.A. Nos. 1977, 1978, 1979 and 1980

Very truly yours,

THE BOEING COMPANY

By

Its Attorney-In-Fact
.....

ACCEPTED AND AGREED TO this

Date:, 1997

AMERICAN AIRLINES, INC.

By

Its

Attachment A: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment B: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment C: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. Nos. 1977, 1978, 1979 and 1980

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P.A. Nos. 1977, 1978, 1979 and 1980

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement Nos. 1977, 1978, 1979, and 1980 (collectively, the Purchase Agreements) between The Boeing Company and American Airlines, Inc. relating to Model 737, 757, 767 and 777 Aircraft, respectively

This letter agreement (Letter Agreement) is entered into on the date below, and amends and supplements each Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings assigned thereto in Exhibit C to the applicable Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. Nos. 1977, 1978, 1979 and 1980

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

P.A. Nos. 1977, 1978, 1979 and 1980

6-1162-AKP-074

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1977 between The Boeing Company and American Airlines, Inc. relating to Model 737-823 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

4. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement

P.A. No. 1977

or any information contained herein to any other person or entity, except as provided in this Letter Agreement or the Purchase Agreement.

Very truly yours,
THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its

American Airlines, Inc.
P.O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1977 between The Boeing Company and American Airlines, Inc. relating to Model 737-823 Aircraft

This letter agreement ("Letter Agreement") is entered into on the date below and constitutes a part of the above-referenced Purchase Agreement, as the same may hereafter be amended, modified or supplemented and including, without limitation, as part thereof the exhibits, appendices, schedules, attachments and letter agreements thereto (the "737-823 Purchase Agreement").

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

11. CONFIDENTIAL TREATMENT. Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this

P.A. No. 1977

Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Applicable Purchase Agreements.

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

- Attachment A: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment B: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment C: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment D: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment E: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-1 TO
LETTER AGREEMENT 6-1162-AKP-075

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-2 TO
LETTER AGREEMENT 6-1162-AKP-075

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT B TO
LETTER AGREEMENT 6-1162-AKP-075 (MODEL 737)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT C TO
LETTER AGREEMENT 6-1162-AKP-075 (MODEL 737)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment D to
6-1162-AKP-075 Page 1

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1977

Attachment E to
6-1162-AKP-075 Page 1

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1977

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Aircraft Performance Guarantees

Reference: Purchase Agreement No. 1977 between The Boeing Company and
American Airlines, Inc. relating to Model 737-823 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Aircraft Performance Guarantees.

The only Performance Guarantees applicable to the Aircraft are those set forth in Attachment A hereto. Such Performance Guarantees are exclusive and will expire upon delivery of the Aircraft to Customer.

2. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement

P.A. No. 1977

or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,
THE BOEING COMPANY

By _____
Its _____ Attorney-In-Fact _____

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

Attachment

MODEL 737-800 PERFORMANCE GUARANTEES

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1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 737-800 Aircraft with a maximum takeoff weight of at least 172,500 pounds, a maximum landing weight of 144,000 pounds, and a maximum zero fuel weight of 136,000 pounds, and equipped with Boeing furnished CFM56-7B26 engines.

2 FLIGHT PERFORMANCE

2.1 TAKEOFF

2.1.1 The FAA approved takeoff field length at a gross weight at the start of the ground roll of 172,500 pounds, at a temperature of 86(degree)F, at a sea level altitude, an alternate forward center of gravity location of 15 percent of the mean aerodynamic chord, and using maximum takeoff thrust, shall not be more than the following guarantee value:

NOMINAL:	7,450	Feet
TOLERANCE:	+700	Feet
GUARANTEE:	8,150	Feet

2.1.2 The FAA approved takeoff gross weight at the start of ground roll, at a temperature of 95(degree)F, at an altitude of 603 feet, from a 13,400 foot runway, with an alternate forward center of gravity location of 15 percent of the mean aerodynamic chord, and using maximum takeoff thrust, shall not be less than the following guarantee value:

GUARANTEE:	172,500	Pounds
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2.1.3 The FAA approved takeoff gross weight at the start of ground roll, at a temperature of 86(degree)F, at an altitude of 6,185 feet, from a 11,021 foot runway, a 1.20 percent downhill runway slope, and satisfying the conditions defined below, with an alternate forward center of gravity location of 15 percent of the mean aerodynamic chord, and using maximum takeoff thrust, shall not be less than the following guarantee value:

NOMINAL:	154,550	Pounds
TOLERANCE:	-2,650	Pounds
GUARANTEE:	151,900	Pounds

2.2 LANDING

2.2.1 The operational landing field length in still air at a gross weight of 144,000 pounds, at a sea level altitude, on a standard day, using an FAA approved flap setting, and satisfying the conditions and operating rules defined below, shall not be more than the following guarantee value:

NOMINAL:	4,850	Feet
TOLERANCE:	+500	Feet
GUARANTEE:	5,350	Feet

Conditions and operating rules:

The operational landing field length is defined as 115 percent of the horizontal distance from 50 feet altitude to a complete stop.

The approach speed will be VREF+5 KEAS.

The air time from 50 feet altitude to main gear touchdown will be 4.36 seconds.

The speed at 50 feet altitude will be defined as the approach speed. The speed at main gear touchdown will be 98.2 percent of the speed at 50 feet altitude. The speed at brake application will be 96.9 percent of the speed at main gear touchdown.

The time delays from main gear touchdown will be as follows:

Spoiler actuation	1 second
Brake application	1 second
Reverse thrust selection	2 seconds
Reversers deployed	4 seconds

The runway condition is wet. The wet runway braking coefficient of friction is defined to be 0.200.

The airplane is in the landing configuration throughout.

Reverse thrust application will be consistent with operating instructions provided by Boeing to the Customer. Reverse thrust operation with these instructions shall not exceed engine operating limitations provided by the engine manufacturer to Boeing.

2.2.2 The FAA approved approach and landing climb limited gross weight at a temperature of 95(degree)F, and at an altitude of 5,400 feet, shall not be less than the following guarantee value:

GUARANTEE: 144,000 Pounds

2.3 CROSSWIND

The FAA approved maximum demonstrated crosswind component for takeoff and landing measured at a 10 meter height above the runway, shall not be less than the following guarantee value:

GUARANTEE 35 Knots

2.4 SPEED

The level flight speed at a gross weight of 160,000 pounds on a standard day at an altitude of 35,000 feet and using not more than maximum cruise thrust, shall not be less than the following guarantee value:

NOMINAL: 467 KTAS
TOLERANCE: -10 KTAS
GUARANTEE: 457 KTAS

2.5 ALTITUDE CAPABILITY - ALL ENGINES OPERATING

The altitude capability at a gross weight of 167,000 pounds, representative of the gross weight after takeoff from sea level at 172,500 pounds on an ISA+10(degree)C day, at 0.78 Mach number, and satisfying the conditions defined below, shall not be less than the following guarantee value:

NOMINAL:	35,300	Feet
TOLERANCE:	-1,100	Feet
GUARANTEE:	34,200	Feet

Conditions:

- 1) The Aircraft shall be capable of maintaining level cruising flight using not more than maximum cruise thrust.
- 2) The Aircraft shall be capable of maintaining a rate of climb of 300 feet per minute using not more than maximum climb thrust.
- 3) The Aircraft shall be capable of at least a 1.3 g maneuver load factor at buffet onset.

2.6

ENROUTE ONE ENGINE INOPERATIVE

The horizontal distance covered during 120 minutes of flight with one engine inoperative from an initial altitude of 35,000 feet while descending to an altitude which is not less than 5,000 feet, at an initial gross weight of 160,000 pounds, on an ISA+15(degree)C day, using not more than maximum continuous thrust, and following the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL:	831 Nautical Miles
TOLERANCE:	-31 Nautical Miles
GUARANTEE:	800 Nautical Miles

Conditions and operating rules:

The Aircraft descends from the initial altitude at 0.78 Mach number until 340 KCAS is reached.

The Aircraft speed is 340 KCAS thereafter for the remainder of the 120 minute time period.

The Aircraft levels off and continues flight at the maximum altitude for level flight with one engine inoperative.

2.7 MISSION

2.7.1 MISSION BLOCK FUEL

The block fuel for a stage length of 799 nautical miles in still air with a 33,660 pound payload using the conditions and operating rules defined below, shall not be more than the following guarantee value:

NOMINAL:	11,730	Pounds
TOLERANCE:	+350	Pounds
GUARANTEE:	12,080	Pounds

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Block Fuel: The block fuel is defined as the sum of the fuel used for taxi-out, takeoff and climbout maneuver, climb, cruise, descent, approach and landing maneuver, and taxi-in.

Takeoff: The airport altitude is sea level.

The takeoff gross weight is not limited by the airport conditions.

Climbout Maneuver: Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 280 KCAS.

The climb continues at 280 KCAS until 0.78 Mach number is reached.

The climb continues at 0.78 Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise:

The Aircraft cruises at 0.78 Mach number.

The initial cruise altitude is 35,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent:

The Aircraft descends from the final cruise altitude at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure is controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level. The temperature is standard day during descent.

Approach
and Landing
Maneuver:

The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination is a sea level airport.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out:

Fuel	375	Pounds
Time	0.250	Hours

Takeoff and Climbout Maneuver:

Fuel	515	Pounds
Distance	3.8	Nautical Miles

Approach and Landing Maneuver:

Fuel	230	Pounds
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Taxi-in (shall be consumed from the reserve fuel):

Fuel	200	Pounds
Time	0.133	Hours

Usable reserve fuel remaining upon completion of the approach and landing maneuver: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

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2.7.2 MISSION PAYLOAD

The payload for a stage length of 2,722 nautical miles in still air (equivalent to a distance of 2,239 nautical miles with an 80 knot headwind, representative of a New York to Los Angeles route) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL: # Pounds
TOLERANCE: # Pounds
GUARANTEE: # Pounds

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Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is 13 feet.

The airport temperature is 45(degree)F.

The runway length is 14,574 feet.

The following obstacle definition is based on a straight-out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	1,040 Feet	16 Feet
2.	2,080 Feet	66 Feet
3.	13,249 Feet	203 Feet

An Aircraft center of gravity location of 15 percent of the mean aerodynamic chord.

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 280 KCAS.

The climb continues at 280 KCAS until 0.78 Mach number is reached.

The climb continues at 0.78 Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at 0.78 Mach number.

The initial cruise altitude is 31,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level.

The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is 126 feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out:

Fuel	375	Pounds
Time	0.250	Hours

Takeoff and Climbout Maneuver:

Fuel	590	Pounds
Distance	4.3	Nautical Miles

Approach and Landing Maneuver:

Fuel	230	Pounds
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Taxi-in (shall be consumed from the reserve fuel):

Fuel	200	Pounds
Time	0.133	Hours

Usable reserve fuel remaining upon completion of the approach and landing maneuver: 7,770 Pounds

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WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.7.3 MISSION BLOCK FUEL

The block fuel for a stage length of 2,722 nautical miles in still air (equivalent to a distance of 2,239 nautical miles with an 80 knot headwind, representative of a New York to Los Angeles route) with a [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] pound payload using the conditions and operating rules defined below, shall not be more than the following guarantee value:

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WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Conditions and operating rules are the same as Paragraph 2.7.2 except as follows:

- Block Fuel: The block fuel is defined as the sum of the fuel used for taxi-out, takeoff and climbout maneuver, climb, cruise, descent, approach and landing maneuver, and taxi-in.
- Takeoff: The airport altitude is 13 feet.
- The takeoff gross weight is not limited by the airport conditions.
- Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Usable reserve fuel remaining upon completion of the approach and landing maneuver: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

2.7.4 OPERATIONAL EMPTY WEIGHT BASIS

The Operational Empty Weight (OEW) derived in Paragraph 2.7.5 is the basis for the mission guarantees of Paragraphs 2.7.1 through 2.7.3.

2.7.5 737-800 WEIGHT SUMMARY - AMERICAN AIRLINES

	Pounds

Standard Model Specification MEW	84,850
Configuration Specification D6-38808 Rev. F	
dated March 8, 1996	
175 (0 FC/175 TC) Passengers	
CFM56-7 Engines	
156,000 Pounds (70,760 kg.) Maximum Taxi Weight	
6,878 U.S. Gallons (26,036 l.) Fuel Capacity	

Customer Requested Changes:

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Quantity	Pounds	Pounds
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*Seat Weight Included:

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2.7.6 STANDARD AND OPERATIONAL ITEMS ALLOWANCE

	Quantity	Pounds	Pounds	Pounds
Standard Items Allowance				1,633
Unusable Fuel			157	
Oil		152		
Oxygen Equipment			30	
Passenger Portable	3	27		
Crew Masks		3		
Miscellaneous Equipment			6	
Crash Axe 1	2			
Flashlights	4	4		
Galley Structure & Fixed Inserts			1,288	
Operational Items Allowance				#
Crew and Crew Baggage			1,050	
Flight Crew	2	340		
Cabin Crew	4	540		
Baggage 6	120			
Briefcases	1	50		
Catering Allowance (1 Meal)				#
First Class	#	#		
Economy Class	#	#		
Passenger Service Equipment			592	
Potable Water - 60 Gallons			512	
Waste Tank Disinfectant			50	
Emergency Equipment			173	
Escape Slides	4	173		
Total Standard and Operational Items Allowance				#

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2.7.7 AMERICAN AIRLINES LOPA 737-800 LOPS-378-0430

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3 MANUFACTURER'S EMPTY WEIGHT

The Manufacturer's Empty Weight (MEW) is guaranteed not to exceed the value in Section 3-60-00 of Detail Specification D6-38808-69 plus two percent.

4 LOADABILITY GUARANTEE

4.1 Using the passenger seating and cargo/baggage loading assumptions defined below, and with operating items of weight and location specified in the Detail Specification, subject to limitations on total load set by the maximum design weights in said Detail Specification, as well as increases in maximum design weights that may be necessary to permit compliance with the Flight Performance and Sound Level guarantees of Sections 2 and 5, the airplane center of gravity shall be within certified limits for takeoff, flight and landing with the following loads. These loads may be adjusted to account for the effect on center of gravity of (1) Specification changes, (2) Changes required to obtain certification, and (3) Variation in actual weights from the

allowances provided in Appendix IV of the Detail Specification.

a. Any number of passengers from zero to maximum in the first class compartment, plus,

b. Any number of passengers from zero to maximum in the coach compartment, plus,

c. Thirty Five pounds baggage per passenger evenly distributed about one location for the two passenger seating cases described below which may be the centroid of either the forward cargo hold, or the constant section of the aft cargo hold (but not both) as required to maintain the center of gravity within the certified limits, plus,

d. Any quantity of cargo up to 10,000 pounds, to be distributed as required about the centroids of the forward and/or aft cargo holds, plus,

e. Any quantity of fuel from zero pounds to the maximum tank capacity, except that for takeoff, fuel quantity of less than 5,000 pounds need not be assumed.

4.2 The following two passenger seating cases shall be covered, with window seats occupied first, aisle seats second, and remaining seats last:

a. Passengers in the coach compartment loading from rear to front, followed by passengers in the first class compartment loading from rear to front.

b. Passengers in the first class compartment loading from front to rear, followed by passengers in the coach compartment loading from front to rear.

4.3 FAR allowances shall be made for adverse passenger and crew movement in flight and for gear and flap retraction and extension, as appropriate. Passengers and carry on baggage are assumed to weigh 185 pounds each. Baggage and cargo stowage density is assumed throughout to be 10 pounds per cubic foot.

- 4.4 These loading conditions of Paragraphs 4.1, 4.2 and 4.3 will result in a zero fuel center of gravity position not forward of 10 percent mean aerodynamic chord, nor aft of 30 percent mean aerodynamic chord.
- 4.5 The addition of fuel loads in excess of 10,000 pounds to the zero fuel weights consistent with the nominal payloads of Paragraphs 2.7.2 loaded according to the procedures of Paragraphs 4.1, 4.2, and 4.3, will result in an average mission center of gravity not forward of 20 percent mean aerodynamic chord, nor aft of 30 percent mean aerodynamic chord.
- 4.6 No limitations on total load, or unusual or restrictive procedures for, or sequences of, loading of passengers, baggage, cargo or fuel will be required solely to prevent the nose wheel vertical reaction diminishing sufficiently for the airplane to tip up on its tail under normally experienced static or rolling conditions.
- 4.7 The loading capabilities given in the preceding paragraphs are based on an assumed American Airlines Change Request total weight impact on the Operational Empty Weight of 2,343 pounds at a balance arm of 507.7 inches and a Standard and Operational Weight of 7,754 pounds at arm of 756.6 inches.

5 SOUND LEVELS

5.1 COMMUNITY SOUND LEVELS

The Aircraft shall be certified in accordance with Stage 3 requirements of FAR Part 36, essentially equivalent to ICAO Annex 16, Volume 1, Chapter 3.

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5.3 INTERIOR SOUND LEVELS IN FLIGHT

The sound level at the head position of a seated pilot or passenger during cruise shall not be more than the following guarantee value:

Overall Sound Pressure Levels	OASPL		

Pilot's Inboard Ear	NOMINAL:	79	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	82	dB
Passenger Aisle Seats Forward of Station 555	NOMINAL:	85	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	88	dB
Passenger Aisle Seats At Station 555 and Aft	NOMINAL:	87	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	90	dB
Speech Interference Levels			
SIL			
Pilot's Inboard Ear	NOMINAL:	66	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	69	dB
Passenger Aisle Seats	NOMINAL:	64	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	67	dB

5.4 RAMP SOUND LEVELS

The sound level at ramp locations during Aircraft ground operation shall not be more than the following guarantee value:

A-weighted Sound Levels	dBA		

Forward and Aft Cargo Doors	NOMINAL:	85	dBA
	TOLERANCE:	+3	dBA
	GUARANTEE:	88	dBA
Passenger Entry Doors (left side)	NOMINAL:	81	dBA
	TOLERANCE:	+3	dBA
	GUARANTEE:	84	dBA
Underwing Fueling Locations	NOMINAL:	85	dBA
	TOLERANCE:	+3	dBA
	GUARANTEE:	88	dBA

6 FUEL CAPACITY

The FAA approved usable fuel tank capacity shall not be less than the following guarantee value:

NOMINAL:	6,875	U.S. Gallons
TOLERANCE:	-36	U.S. Gallons
GUARANTEE:	6,839	U.S. Gallons

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8 AIRCRAFT CONFIGURATION

8.1 The guarantees contained in this Attachment are based on the Aircraft configuration as defined in the original release of Detail Specification D6-38808-69 (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause changes to the flight performance, sound levels, weight and balance, and/or loadability of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.

8.2 The guarantee payload of Paragraph 2.6.2, and the specified payloads of the Paragraph 2.6.1 and 2.6.3 block fuel guarantees will be adjusted by Boeing for the effect of the following on OEW and the Manufacturer's Empty Weight guarantee of Section 3 and the Loadability guarantee of Section 4 will be adjusted by Boeing for the following in its evidence of compliance with the guarantees:

(1) Changes to the Detail Specification including Change Requests, Master Changes, Change Orders, Optional Features or any other changes mutually agreed upon between the

Customer and Boeing or otherwise allowed by the Purchase Agreement.

(2) The difference between the component weight allowances given in Appendix IV of the Detail Specification and the actual weights.

9 GUARANTEE CONDITIONS

9.1 All guaranteed performance data are based on the ICAO International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.

9.2 The FAA Regulations (FAR) referred to in this Attachment are, unless otherwise specified, defined to be the 737-500 Certification Basis regulations specified in the Type Certificate Data Sheet A16WE, Revision 16, dated February 12, 1990 except where superseded by the NPRM 93-8 proposal, dated July 8, 1993.

9.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraph 9.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.

9.4 The takeoff and landing guarantees, and the takeoff portion of the mission guarantees are based on hard surface, level and dry runways with no wind or obstacles, no clearway or stopway, 225 mph H44.5" x 16.5"-21" tires, with anti-skid operative, and with the Aircraft center of gravity at the most forward limit unless otherwise specified. The takeoff performance and the approach and landing climb limited weight are based on no engine bleed for air conditioning or thermal anti-icing and the Auxiliary Power Unit (APU) turned off. The improved climb performance procedure will be used for takeoff as

required. The landing performance is based on the use of automatic spoilers.

- 9.5 The speed, altitude capability and horizontal driftdown distance guarantees, and the climb, cruise and descent portions of the mission guarantees include allowances for normal power extraction and engine bleed for normal operation of the air conditioning system. Normal electrical power extraction shall be defined as not less than a 50 kilowatts total electrical load. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of 75(degree)F, and all air conditioning systems operating normally. This operation allows a maximum cabin pressure differential of 8.35 pounds per square inch at higher altitudes, with a nominal Aircraft cabin ventilation rate of 3,300 cubic feet per minute including passenger cabin recirculation (nominal recirculation is 47 percent). The APU is turned off unless otherwise specified.
- 9.6 The speed, altitude capability and horizontal driftdown distance guarantees, and the climb, cruise and descent portions of the mission guarantees are based on H44.5" x 16.5"-21" tires and an Aircraft center of gravity location, as determined by Boeing, not to be aft of 28 percent of the mean aerodynamic chord.
- 9.7 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of 18,580 BTU per pound and a fuel density of 6.70 pounds per U.S. gallon.
- 9.8 Sound pressure levels are measured in decibels (dB) referred to the standard reference pressure of 20 micro Pascals. Overall sound pressure level (OASPL) is defined to be the sound pressure level for the frequency range from 45 to 11,200 Hz. Speech interference level (SIL) is defined to be the arithmetic average of the sound

pressure levels in the three octave bands with center frequencies at 1,000, 2,000 and 4,000 Hz. A-weighted sound level (dBA) is as defined in American National Standards Association S1.4-1983 for the frequency range from 45 to 11,200 Hz.

- 9.9 The guarantee for interior sound levels in flight pertains to normal operation of an Aircraft in cruise during straight and level flight at an altitude of 35,000 ft and 0.78 Mach number. The Aircraft shall have a complete interior installation including standard thermal / acoustic insulation, all lining and partition panels, a full shipset of fabric upholstered seats and floor covering in the passenger cabin. The interior configuration is defined in LOPS-378-0430. The procedures used for the measurement of interior sound levels shall be equivalent to those in SAE ARP 1323.
- 9.10 The guarantee for ramp sound levels pertains to a parked Aircraft during in-service turn around with the APU, all environmental control system packs, environmental control system recirculation fans and the electronic equipment cooling fans operating and with the main propulsion engines not operating. The guarantees pertain to APU and environmental control system operation at an outside ambient temperature of 25 degrees C. The procedures used for the measurement of ramp sound levels shall be equivalent to those in SAE ARP 1307.
- 9.11 Fuel tank capacity measurements are based on a nominal Aircraft attitude of 1.14 degrees nose down pitch and zero degrees roll.
- 9.12 The Operation at LaGuardia guarantee is based on no degradation in strength from the current characteristics of the critical LaGuardia taxiway and runway.

10 GUARANTEE COMPLIANCE

- 10.1 Compliance with the guarantees of Sections 2, 3, 4, 5, 6, and 7 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 8 and the guarantee conditions of Section 9.
- 10.2 Compliance with the takeoff guarantee, the buffet onset portion of the altitude capability guarantee, the takeoff portion of the mission guarantees, the community sound level guarantees, and fuel capacity guarantee shall be based on the FAA approved Airplane Flight Manual for the Model 737-800.
- 10.3 Compliance with the takeoff guarantee and the takeoff portion of the mission guarantee shall not be contingent upon acceptance of a Change Request, Master Change, Change Order, or other changes to allow operation at an alternate forward center of gravity limit.
- 10.4 Compliance with the landing guarantee will be demonstrated by calculation of segment performance based on flight and ground test data obtained on an airplane configuration similar to that defined by the Detail Specification.
- 10.5 Compliance with the speed, altitude capability and horizontal driftdown distance guarantees, and with the climb, cruise and descent portions of the mission guarantees shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 10.6 Compliance with the crosswind guarantee of Paragraph 2.3 shall be based on the FAA approved Airplane Flight Manual for the Model 737-800 and shall be contingent upon the necessary atmospheric conditions being available during the certification flight test program, or subsequent crosswind test program, if required. At initial delivery, the certified crosswind component shall not be less than 20 knots.

- 10.7 The OEW used for compliance with the mission guarantees shall be the actual MEW plus the Standard and Operational Items Allowance in Paragraph 3-60-00 of the Detail Specification.
- 10.8 Compliance with the Manufacturer's Empty Weight guarantee and the Loadability guarantee shall be based on information in the "Weight and Balance Control and Loading Manual - Aircraft Report."
- 10.9 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.
- 10.10 Compliance with the single event noise exposure level guarantees of Paragraphs 5.2.1, 5.2.2, and 5.2.3 will be by calculations made by Boeing using standard engineering practices with noise information measured by Boeing using the Model 737-700 with CFM56-7B (SAC) engines. The noise calculation process will be as follows:
- 10.10.1 Noise (dBA) time histories for a range of brake release gross weights (BRGW) for the model 737-800 with CFM56-7B26 (SAC) engines will be calculated by combining full power takeoff and cutback dBA time histories from noise data measured at the noise certification test of May 1997. Adjustments will be appropriate to simulate the takeoff procedure described in Paragraph 5.2.4. These dBA time histories will then be integrated as described in CALIFORNIA NOISE STANDARDS (California Administrative Code, Title 21, Chapter 2.5, Sub-Chapter 6, effective January 1, 1986, Division of Aeronautics (Department of Transportation)), except that the threshold noise level will be 65 dBA as used at SNA for noise monitors M1 and M2 to calculate SENEL at each BRGW.

- 10.10.2 Curve fits of SENEL vs. BRGW will then be developed for noise monitors M1 and M2, using the data derived in Paragraph 10.10.1
- 10.10.3 The SENEL versus BRGW curve fit of Paragraph 10.10.2 will then be entered at the noise limits of 92.5, 94.0, and 101.5 dB, respectively, to determine weights that correspond to the calculated capability of the Aircraft. These weights will be compared to the respective guarantee weights of Paragraphs 5.2.1, 5.2.2, and 5.2.3 to determine compliance with those guarantees.
- 10.10.4 A document will be prepared by Boeing to show compliance with the single event noise exposure level guarantees of Paragraph 5.2.
- 10.10.5 The following compliance condition applies to Paragraphs 5.2.1, 5.2.2, and 5.2.3:
- If the guarantee weights are not met, Boeing and the Customer will work together to improve the weight capability (no financial penalty will be levied).
- 10.11 Compliance with the guarantees for interior sound levels in flight and ramp sound levels shall be demonstrated by reports based on a sound level survey on the Customer's Aircraft, a production 737-800 aircraft or on another aircraft acoustically similar to the Customer's Aircraft, whichever is available as determined by Boeing. These sound levels shall be adjusted for sound level increases resulting from Customer Furnished Equipment, Boeing Purchased Equipment and from changes to the Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement.
- 10.12 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Aircraft center of gravity control and taxi speed limitations may be used to meet the above maximum taxi weights. In addition, these commitments are conditioned on no degradation in strength from the current characteristics of the critical LaGuardia taxiway and runway.

10.13 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

11 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1977 between The Boeing Company and
American Airlines, Inc. relating to Model 737-823 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and
amends and supplements the Purchase Agreement referenced above. All capitalized
terms used herein but not otherwise defined in this Letter Agreement shall have
the same meanings assigned thereto in Exhibit C to the Purchase Agreement or
elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

8. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial
information contained in this Letter Agreement are considered by Boeing and
Customer as confidential. Customer and Boeing agree that each will treat this
Letter Agreement and the information contained herein as confidential and will
not, without the prior written consent of the other, disclose this Letter
Agreement

P.A. No. 1977

or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its _____

Attachments

P.A. No. 1977

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

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P.A. No. 1977

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH
THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1977 between The Boeing
Company and American Airlines, Inc. relating to Model
737-823 Aircraft

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AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

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P.A. No. 1977

or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Escalation Sharing

Reference: Purchase Agreement No. 1977 between The Boeing
Company and American Airlines, Inc. relating to Model
737-823 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Commitment.

Boeing agrees to share one-half of the Escalation Adjustment to the Airframe Price and the Optional Features Price of each Aircraft which is attributable to each of the years 1997 and 1998, as more fully set forth in this Letter Agreement; provided, however, in no event will Boeing's share of such Escalation Adjustment exceed three percent (3%) for each such year.

All escalation calculations under this Letter Agreement will be made in accordance with the Airframe Escalation Adjustment Document, using actual escalation indices published for the applicable period.

2. Computation of 1997 Escalation Factors.

For purposes of determining the Escalation Sharing Factor ("ESF") applicable to each Aircraft pursuant to Section 4 of this Letter Agreement, a 1997 Unadjusted Escalation Factor and a 1997 Adjusted Escalation Factor will be determined in accordance with Sections 2.1 and 2.2 below.

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2.1 1997 Unadjusted Escalation Factor.

The amount determined pursuant to the following formula will be the 1997 Unadjusted Escalation Factor ("UEF(97)"):

$$\text{UEF}(97) = (\text{LM}(97)/\text{LM}(96)) - 1$$

where:

LM(97) = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1997

LM(96) = 1.0507 (which is the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1996)

2.2 1997 Adjusted Escalation Factor.

The amount determined pursuant to the formula set forth in (a) or (b) below, as applicable, will be the 1997 Adjusted Escalation Factor ("AEF(97)"):

a) If the UEF(97) factor determined pursuant to Section 2.1 is greater than six percent (0.06), then the 1997 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(97) = (\text{LM}(97)/\text{LM}(96)) - .03$$

b) If the UEF(97) factor determined pursuant to Section 2.1 is less than or equal to six percent (0.06), then the 1997 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(97) = (((\text{LM}(97)/\text{LM}(96)) - 1) / 2) + 1$$

3. Computation of 1998 Escalation Factors.

For purposes of determining the ESF applicable to each Aircraft pursuant to Article 4 of this Letter Agreement, a 1998 Unadjusted Escalation Factor and a 1998 Adjusted Escalation Factor will be determined in accordance with Sections 3.1 and 3.2 below.

3.1 1998 Unadjusted Escalation Factor.

The amount determined pursuant to the following formula will be the 1998 Unadjusted Escalation Factor ("UEF(98)"):

$$\text{UEF}(98) = (\text{LM}(n)/\text{LM}(97)) - 1$$

where:

LM(n) = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using (i) in the case of an Aircraft delivered in 1998, the Scheduled Delivery Month of the applicable Aircraft, or (ii) in the case of an Aircraft delivered in any year after 1998, a notional delivery month of December 1998

3.2 1998 Adjusted Escalation Factor.

The amount determined pursuant to the formula set forth in (a) or (b) below, as applicable, will be the 1998 Adjusted Escalation Factor ("AEF(98)"):

a) If the UEF(98) factor determined pursuant to Section 3.1 is greater than six percent (0.06), then the 1998 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(98) = (\text{LM}(n)/\text{LM}(97)) - .03$$

b) If the UEF(98) factor determined pursuant to Section 3.1 is less than or equal to six percent (0.06), then the 1998 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(98) = (((\text{LM}(n)/\text{LM}(97)) - 1) / 2) + 1$$

4. Credit Memoranda.

4.1 Aircraft Delivered in 1998.

If applicable, Boeing will issue to Customer a credit memorandum with respect to each Aircraft delivered in 1998. The amount of each credit memorandum will be determined in accordance with the following formula:

$$CM(98) = [P(o) \times LM(n)] - [P(o) \times ESF]$$

where:

CM(98) = the dollar amount of the credit memorandum provided, however, if as a result of the foregoing formula the CM98 factor is a negative number, then the CM98 factor will be deemed to be zero for all purposes

P(o) = the Airframe Price and the Optional Features price applicable to the Aircraft

ESF = (LM(96)) x (AEF(97)) x (AEF(98)) (such factors being determined pursuant to Sections 2.1, 2.2 and 3.2, respectively)

4.2 Aircraft Delivered in 1999 and thereafter.

Boeing will issue to Customer a credit memorandum with respect to each Aircraft delivered in 1999 and each subsequent year. The amount of each such credit memorandum will be determined in accordance with the following formula:

$$CM(esc) = CM(n) \times (LM(x)/LM(98))$$

where:

CM(esc) = the dollar amount of the credit memorandum

$$CM(n) = [P(o) \times LM(98)] - [P(o) \times ESF]$$

where:

P(o)= the Airframe Price and the Optional Features Price applicable to the Aircraft

LM(98)= the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1998

ESF= (LM(96)) x (AEF(97)) x (AEF(98)) (such factors being determined pursuant to Sections 2.1, 2.2 and 3.2, respectively)

LMx= the sum of the "L" factor and the "M" factor, in each case
computed in accordance with the Airframe Escalation Adjustment
Document using the Scheduled Delivery Month of the applicable
Aircraft

4.3 Application of Credit Memoranda.

Each credit memorandum will be applied in lieu of cash payments
by Customer to pay in part the balance of the Aircraft Price due at the time of
delivery of the Aircraft with respect to which such credit memorandum was
issued.

5. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial
information contained in this Letter Agreement are considered by Boeing and
Customer as confidential. Customer and Boeing agree that each will treat this
Letter Agreement and the information contained herein as confidential and will
not, without the prior written consent of the other, disclose this Letter
Agreement or any information contained herein to any other person or entity,
except as provided in this Letter Agreement or the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its _____

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Installation of Cabin Systems Equipment

Reference: Purchase Agreement No. 1977 between The Boeing Company and American Airlines, Inc. relating to Model 737-823 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

Customer desires Boeing to install in the Aircraft the inflight entertainment and cabin communications systems (IFE/CCS) described in Attachment A to this Letter Agreement.

Because of the complexity of the IFE/CCS, special attention and additional resources will be required during the development, integration, certification, and manufacture of the Aircraft to achieve proper operation of the IFE/CCS at the time of delivery of the Aircraft. To assist Customer, Boeing will perform the functions of project manager (the Project Manager) as set forth in Attachment B.

1. Responsibilities.

1.1 Customer's responsibilities:

1.1.1 Provide Customer's IFE/CCS system requirements to Boeing;

1.1.2 Select the IFE/CCS suppliers (Vendors) from among those suppliers identified in the Change Requests listed in Attachment A to this Letter Agreement (Customer has selected such Vendors as of the date of this Letter Agreement);

P.A. No. 1977

1.1.3 Promptly after selecting Vendors, participate with Boeing in meetings with Vendors to ensure that Vendor's functional system specifications meet Customer's and Boeing's respective requirements;

1.1.4 Select Vendor part numbers and provide such part numbers to Boeing by as soon as reasonably possible following Vendor selection (Customer has selected such part numbers as of the date of this Letter Agreement);

1.1.5 Negotiate and obtain agreements on product assurance, product support following Aircraft delivery (including spares support), and any other terms desirable to Customer in its own discretion directly with Vendors;

1.1.6 Provide pricing information for part numbers selected above to Boeing by a mutually selected date;

1.1.7 Negotiate and obtain agreements with any required service providers; and

1.1.8 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] include in Customer's contract with any seat supplier a condition obligating such seat supplier to enter into and comply with a Boeing approved bonded stores agreement. This bonded stores agreement (in form and substance reasonably satisfactory to Boeing) will set forth the procedures concerning the use, handling and storage for the Boeing owned IFE/CCS equipment during the time such equipment is under the seat supplier's control.

1.2 Boeing will in a timely manner:

1.2.1 Responsibly perform the functions of Project Manager in accordance with the terms of this Letter Agreement and Attachment B;

1.2.2 Provide Aircraft interface requirements to Vendors as specified in Boeing Document D6-36440, "Standard Cabin Systems Requirements Document" (SCSRD) and as specified in Section 3.A of Attachment B;

1.2.3 Assist Vendors in the development of their IFE/CCS system specifications and approve such specifications;

1.2.4 Negotiate terms and conditions (except for price, product assurance, product support following Aircraft delivery and any other terms desirable to Customer in its own discretion) and enter into contracts with Vendors and manage such contracts for the IFE/CCS;

1.2.5 Coordinate the resolution of technical issues with Vendors;

1.2.6 Ensure that at time of Aircraft delivery the IFE/CCS configuration and functionality meets the requirements of the Detail Specification including all Change Requests contained in Attachment A to this Letter Agreement as such Attachment A may be amended from time to time;

1.2.7 Prior to or at delivery of the applicable Aircraft, obtain FAA certification of the Aircraft with the IFE/CCS installed therein, including the Systems Software identified in Section 2.1 of this Letter Agreement; and

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2. Software.

IFE/CCS systems may contain software of the following two types:

2.1 The software required to operate and certify the IFE/CCS systems on the Aircraft is the Systems Software and it is considered a part of the IFE/CCS for purposes of this Letter Agreement.

2.2 The software accessible to the Aircraft passengers and cabin crews which controls Customer's specified optional features is Customer's Software and it is not a part of the IFE/CCS for purposes of this Letter Agreement.

2.2.1 Customer is solely responsible for specifying Customer's Software functional and performance requirements and ensuring that Customer's Software meets such requirements. Customer and Customer's Software supplier will have total responsibility for the writing, certification, modification, revision, or correction of any of Customer's Software. Boeing will not perform the functions and obligations described in Section 1.2 above, nor the Project Manager's functions described in Attachment B, for Customer's Software.

2.2.2 The omission of any Customer's Software or the lack of any functionality of Customer's Software will not be a valid condition for Customer's rejection of the Aircraft at the time of Aircraft delivery.

2.2.3 Boeing has no obligation to approve any documentation to support Customer's Software certification. Notwithstanding the preceding sentence, Boeing will, however, only review and operate Customer's Software if in Boeing's reasonable opinion such review and operation is necessary to certify the IFE/CCS system on the Aircraft.

2.2.4 Boeing will not be responsible for obtaining FAA certification for Customer's Software.

3. Changes.

3.1 After Boeing and Vendor have entered into a contract for the purchase of the IFE/CCS, changes to such contract may only be made by Boeing; provided, however, that such changes will be made with the prior consent of Customer. Notwithstanding the foregoing, Customer may request changes at any time. Any such Customer request for changes to the IFE/CCS specification after the Boeing/Vendor contract has been signed must be made in writing directly to Boeing. Boeing shall respond to such request by Customer in a timely manner. If such change is technically feasible and Boeing has the resources and time to incorporate such change, then Boeing shall negotiate with the Vendor to incorporate such change into the contract for the IFE/CCS. Any Vendor price increase resulting from such a change will be negotiated between Customer and Vendor.

3.2 Boeing and Customer recognize that the developmental nature of the IFE/CCS may require changes to the IFE/CCS or the Aircraft in order to ensure (i) compatibility of the IFE/CCS with the Aircraft and all other Aircraft systems, and (ii) FAA certification of the Aircraft with the IFE/CCS installed therein. In such event Boeing will notify Customer and recommend to Customer the most practical means for incorporating any such change. If within 15 days (or such longer period of time as may be mutually agreed in writing) after such notification Customer and Boeing through negotiations cannot mutually agree on the incorporation of any such change or alternate course of action, then the remedies available to Boeing in Section 5 shall apply.

3.3 The incorporation into the Aircraft of any mutually agreed change to the IFE/CCS may result in Boeing adjusting the price of the Change Request contained in Attachment A to this Letter Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

3.5 Boeing's obligation to obtain FAA certification of the Aircraft with the IFE/CCS installed is limited to the IFE/CCS as described in Attachment A, as Attachment A may be amended from time to time.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

4. Exhibits B and C to the AGTA.

IFE/CCS is deemed to be BFE for the purposes of the Product Assurance Document and the Customer Support Document.

5. Remedies.

5.1 If Customer does not comply with any of its material obligations set forth herein, Boeing will provide to Customer written notice of such non-compliance and in the event Customer has not cured such non-compliance by the date of compliance (which shall be a reasonable period of time in Boeing's reasonable judgment) provided in such notice, then Boeing may:

5.1.1 to the extent that such delay is attributable to such non-compliance, take the following steps:

5.1.1.1 delay delivery of the Aircraft pursuant to the provisions of Article 7, "Excusable Delay", of the AGTA; or

5.1.1.2 deliver the Aircraft without part or all of the IFE/CCS installed, or with part or all of the IFE/CCS inoperative (notwithstanding the provisions of Section 3.1 of the AGTA and even though such IFE/CCS is required in order to obtain certification of such Aircraft in accordance with such provisions), in either event Boeing shall be relieved of all obligations to install or certify such IFE/CCS; and

5.1.2 also increase the Aircraft Price by the amount of Boeing's additional costs to the extent attributable to such noncompliance (except such cost increase shall not include any such costs Boeing has recovered from any Vendors involved), provided, however, Boeing will use best reasonable efforts to mitigate such costs. Notwithstanding the preceding sentence, Boeing has no obligation to recover costs from Vendors.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

6. Advance Payments.

6.1 An estimated price for the IFE/CCS purchased by Boeing will be included in the Aircraft Advance Payment Base Price to establish the Advance Payments for each Aircraft.

6.2 The Aircraft Price will include the actual IFE/CCS prices and any associated transportation costs charged Boeing by Vendors.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

8. Customer's Indemnification of Boeing.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

9. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its

Attachments

P.A. No. 1977

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1977

ATTACHMENT B
PROJECT MANAGER

This Attachment B describes the functions that Boeing will perform as Project Manager to support (i) the development and integration of the IFE/CCS and (ii) the FAA certification of the IFE/CCS when installed on the Aircraft.

1. Project Management.

Boeing will perform the following functions for the IFE/CCS. Boeing will have authority to make day-to-day management decisions, and decisions on technical details which in Boeing's reasonable opinion do not significantly affect form, fit, function, cost or aesthetics. Boeing will be responsible for:

- A. Managing the development of all program schedules;
- B. Evaluating and approving Vendor's program management and developmental plans;
- C. Defining program metrics and status requirements;
- D. Scheduling and conducting (including notifying Customer of) (i) program status reviews and (ii) meetings to discuss any changes, at intervals mutually agreed to by Boeing and Customer. Customer will have the right to attend such status meetings between Boeing and Vendor regarding the Aircraft;
- E. Scheduling and conducting design and schedule reviews with Customer and Vendors;
- F. Monitoring compliance with schedules;
- G. Evaluating and approving any recovery plans or plan revisions which may be required of either Vendors or Customer;
- H. Leading the development of a joint IFE/CCS project management plan (the Program Plan) and;
- I. Managing the joint development of the System Specification.

2. System Integration.

Boeing's performance as Project Manager will include the functions of systems integrator (Systems Integrator). As Systems Integrator Boeing will perform the following functions:

- A. As required, assist Vendors in defining their system specifications for the IFE/CCS, approve such specifications and develop an overall system functional specification;
- B. Coordinate Boeing, Customer and Vendor teams to ensure sufficient Vendor and Vendor sub system testing and an overall cabin system acceptance test are included in the Program Plan; and
- C. Organize and conduct technical coordination meetings with Customer and Vendors to review responsibilities, functionality, Aircraft installation requirements and overall program schedule, direction and progress.

3. Seat Integration.

- A. Boeing will coordinate the interface requirements between seat suppliers and Vendors. Interface requirements are defined in Boeing Document Nos. D6-36230, "Passenger Seat Design and Installation"; D6-36238, "Passenger Seat Structural Design and Interface Criteria"; D222W232, "Seat Wiring and Control Requirements"; and D222W013-4, "Seat Assembly Functional Test Plan".
- B. The Vendors will be required to coordinate integration testing and provide seat assembly functional test procedures for seat electronic parts to seat suppliers and Boeing, as determined by Boeing.
- C. The Vendors will assist the seat suppliers in the preparation of seat assembly functional test plans.

6-1162-AKP-081

American Airlines, Inc.
P.O. Box 619616
Dallas-Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO
A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1977 between The Boeing Company
and American Airlines, Inc. relating to Model 737-823
Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and
amends and supplements the Purchase Agreement referenced above. All
capitalized terms used herein but not otherwise defined in this Letter
Agreement shall have the same meanings assigned thereto in Exhibit C to the
Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

SECTION 7.5. CONFIDENTIAL TREATMENT. Customer and Boeing understand
that the information contained in this Letter Agreement and the information
provided pursuant to this Letter Agreement is considered by Boeing and Customer
as confidential. Customer and Boeing agree that each will treat this Letter
Agreement, the information contained herein, and all information provided
pursuant to this Letter Agreement as confidential and will not, without the
prior written consent of the other, disclose this Letter Agreement, any
information contained herein, or any information provided pursuant to this
Letter Agreement to any other person or entity, except as provided in this
Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By

Its Attorney-In-Fact
.....

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By

Its

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P.A. No. 1977

American Airlines, Inc.
P. O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1977 between The Boeing Company and
American Airlines, Inc. relating to Model 737 823 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and
amends and supplements the Purchase Agreement referenced above. All
capitalized terms used herein but not otherwise defined in this Letter
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6. Confidential Treatment.

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information contained in this Letter Agreement are considered by Boeing and
Customer as confidential. Customer and Boeing agree that each will treat this
Letter Agreement and the information contained herein as confidential and will
not, without the prior written consent of the other, disclose this Letter
Agreement or any information contained herein to any other person or entity,
except as provided in this Letter Agreement or in the applicable Purchase
Agreement.

P.A. No. 1977

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney In Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

P.A. No. 1977

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1977 between The Boeing Company and American Airlines, Inc. relating to Model 737-823 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

7. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement and the information provided pursuant hereto are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement, the information contained herein and the information provided pursuant hereto as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement, any information contained herein and the information provided pursuant hereto to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

P.A. No. 1977

American Airlines, Inc.
6-1162-AKP-083 Page 2

Very truly yours,

THE BOEING COMPANY

By

Its Attorney-In-Fact
.....

ACCEPTED AND AGREED TO this

Date:, 1997

AMERICAN AIRLINES, INC.

By

Its
.....

P.A. No. 1977

APPENDIX I to
6-1162-AKP-083
Page 1

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1977

APPENDIX II to
6-1162-AKP-083
Page 1

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1977

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

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Reference: Purchase Agreement No. 1977 between The Boeing Company
and American Airlines, Inc. relating to Model 737-823
Aircraft

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[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

9. Confidential Treatment.

Customer and Boeing understand that the information contained in this Letter Agreement and all information provided pursuant to this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement, the information contained herein, and all information provided pursuant to this Letter Agreement as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement, any information contained herein, or any information provided

P.A. No. 1977

pursuant to this Letter Agreement to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its _____ Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its _____

Attachment A: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment B: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment C: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment D: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment D-1: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1977

Attachment A to
6-1162-AKP-084
Page 1

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
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P.A. No. 1977

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[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1977

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Component Reliability Commitments for the 737

Reference: Purchase Agreement No. 1977 between The Boeing Company
and American Airlines, Inc. relating to Model 737-823
Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Component Reliability Mean Time Between Unscheduled Removal (MTBUR) and Mean Time Between Failure (MTBF) Program for Specified Components Manufactured to Boeing's Detailed Design.

1.1 Scope.

1.1.1 Program Term.

The Component Reliability Mean Time Between Unscheduled Removal (MTBUR) and Mean Time Between Failure (MTBF) Program as set forth herein (the Program) will be, with respect to each Specified Component (as hereinafter defined), in effect for a term of five (5) consecutive years after delivery of the first Model 737-600, 737- 700 or 737-800 aircraft to any customer in which the first of each such Specified Component is installed (the Program Term). Except as otherwise provided herein, all provisions of the Program and Boeing's obligations hereunder will terminate, with respect to each Specified Component, at the end of the last day of the Program Term applicable to each such Component.

P.A. No. 1977

1.1.2 Covered Aircraft.

The Program will apply to any Specified Component installed in any Aircraft operated by Customer (the Covered Aircraft) during the Program Term.

1.2. Definitions.

For purposes of the Program, the following definitions will apply:

1.2.1 "BITE" means Built-In-Test Equipment.

1.2.2 "Chargeable Unscheduled Removal" for any Specified Component means the removal of such Component from a Covered Aircraft during any Reporting Period or Special Reporting Period for such Component due to a known or suspected malfunction or defect, including a removal made in response to BITE. However, the unscheduled removal of a Specified Component will not constitute a Chargeable Unscheduled Removal in any of the following events:

(a) The removal of the Specified Component is caused by any operation, service or maintenance of such Component, the Covered Aircraft or a system in which such Component is installed which is not in accordance with Boeing's applicable written instructions, unless Customer can establish that such operation, service or maintenance is in accordance with recognized standards for commercial air carriers;

(b) The removal is for maintenance convenience;

(c) The removal is for purposes of condition analysis other than any removals that are determined to be otherwise covered by this Letter Agreement;

(d) The removal is due to a cause which is incidental to or a consequence of a failure of another part;

(e) Prior to such removal, a remedy for the cause for such removal has been offered to Customer in writing by Boeing and Customer has not accomplished such remedy within the time period set forth in Section 1.6.1 herein; or

(f) The removal is caused by Customer's failure to repair or replace all faulty component parts of the Specified Component when performing service or maintenance on such Component.

1.2.3 "Customer's Fleet" or "Fleet" means all Covered Aircraft operated by Customer during any Reporting Period or Special Reporting Period.

1.2.4 "Fleet Achieved MTBF" or "Fleet Achieved MTBUR" for any Specified Component during any Reporting Period or Special Reporting Period for such Component is the value obtained by use of the following formula:

$$\begin{array}{l} \text{Fleet Achieved MTBF} \\ \text{or} \\ \text{Fleet Achieved MTBUR} \end{array} = \begin{array}{l} \text{Fleet Component Hours} \\ \text{Fleet Verified Failures or} \\ \text{Fleet Unscheduled} \\ \text{Removals, respectively} \end{array}$$

1.2.5 "Fleet Component Hours" for any Specified Component are the total Fleet flying hours (Covered Aircraft takeoff to touchdown) during any Reporting Period or Special Reporting Period for such Component multiplied by the number of such Components per Covered Aircraft.

1.2.6 "Fleet Verified Failures" or "Fleet Unscheduled Removals" for any Specified Component are the total number of Verified Failures or Chargeable Unscheduled Removals, respectively, of such Component experienced by a Fleet during any Reporting Period or Special Reporting Period for such Component.

1.2.7 "MTBF Deficiency" or "MTBUR Deficiency" for any Specified Component occurs when, for any Reporting Period for such Component, four (4) or more Verified Failures or four (4) or more Chargeable Unscheduled Removals are experienced and the Fleet Achieved MTBF or Fleet Achieved MTBUR for such Reporting Period is less than the "Target Critical Value" with respect to such Component, as determined by the procedure in Section 1.7 herein.

1.2.8 "Special MTBF Deficiency" or "Special MTBUR Deficiency" for any Specified Component occurs when, for any Special Reporting Period for such Component, three (3) or more Verified Failures or Chargeable Unscheduled Removals are experienced and Fleet Achieved MTBF or Fleet Achieved MTBUR for such Component during such Special Reporting Period does not exceed 50% percent of the MTBF or MTBUR Target for such Component.

1.2.9 "MTBUR Target" or "MTBF Target" for any Specified Component will be the applicable value specified for such Component in Section 1.9 herein.

1.2.10 "Reporting Period" for each Specified Component in a Fleet will be the number of consecutive months, including the month immediately preceding the month of any report furnished by Customer hereunder, during which at least four (4) Verified Failures or Chargeable Unscheduled Removals have occurred. The initial Reporting Period will commence on the first day of the first full calendar month following the date Customer's first Covered Aircraft is delivered.

1.2.11 "Special Reporting Period" for each Specified Component in a Fleet will be the number of consecutive months, including the month immediately preceding the month of any report furnished by Customer hereunder, wherein (i) at least three (3) Verified Failures or Chargeable Unscheduled Removals of such Component occur and (ii) no more than three (3) Covered Aircraft are operated by Customer during such period.

1.2.12 "Specified Component" or "Component" means any part identified in Section 1.9 herein or any later configurations thereof installed on a Covered Aircraft or sold by Boeing to Customer as a spare part during the Program Term.

1.2.13 "Turnaround-Time" for each Specified Component during any Reporting Period or Special Reporting Period is the average time in calendar days consumed in the receiving, inspection, test, repair, modification, replacement, packaging and shipping preparation necessary to confirm or restore the serviceability of all such Components experiencing a Chargeable Unscheduled Removal or Verified Failure which are removed and processed during such Reporting Period or Special Reporting Period. Specific Turnaround-Time periods are defined as follows:

(a) For Specified Components processed by Boeing, the Turnaround-Time will start on the date on which both the Component and Customer's return order or claim pertaining to such Component have been received by Boeing and will end on the date the serviceable or replacement Component is shipped by Boeing to Customer (which shall be fifteen (15) calendar days), plus a maximum of five (5) days transportation time for return shipment from Boeing to Customer. Boeing will use the most expeditious method of transportation, including air shipment, to the maximum extent practicable.

(b) For Specified Components processed by Customer, the average Turnaround-Time will not exceed a period beginning with the date of removal of the Specified Component and ending fifteen (15) calendar days after such date, unless a longer period is (i) justified due to a delay by Boeing in providing parts required to repair or modify such Specified Components or (ii) established by agreement between Boeing and Customer.

1.2.14 "Verified Failure" for any Specified Component means an unscheduled removal of such Component from a Fleet during any Reporting Period or Special Reporting Period due to a failure in such Component where such failure is the primary cause for removal and is subsequently confirmed by Boeing's approved shop test, investigative processes, inspection findings or BITE failure confirmation records. However, the unscheduled removal of a Specified Component due to a failure of such Component will not constitute a "Verified Failure" in any of the following events:

(a) The failure of such Specified Component is caused by any operation, service or maintenance of such Component, the Covered Aircraft or a system in which such Component is installed which is not in accordance with Boeing's applicable written instructions, unless Customer can establish that such operation, service, maintenance or overhaul is in accordance with recognized standards for commercial air carriers;

(b) The failure of the Specified Component is due to a cause which is incidental to or a consequence of a failure of another part;

(c) Prior to such failure a remedy for such failure has been offered to Customer and Customer has not accomplished such remedy within the time period set forth in Section 1.6.1 herein; or

(d) The failure is caused by Customer's failure to repair or replace all faulty or discrepant component parts of the Specified Component when performing service or maintenance on such Component.

1.3 Remedies.

1.3.1 If Customer notifies Boeing within one hundred twenty (120) days after completion of the most recent Reporting Period or Special Reporting Period with respect to any Specified Component that an MTBUR Deficiency or an MTBF Deficiency exists or that a Special MTBUR Deficiency or Special MTBF Deficiency for such Specified Component for such Period exists, then Boeing will:

(a) Upon Customer's request, promptly provide technical assistance and recommendations to Customer of the type and extent which Boeing determines in its reasonable opinion is appropriate for correcting such Deficiency;

(b) Promptly investigate the circumstances and possible causes of any such Deficiency, and, if such investigation indicates a design review is appropriate, promptly initiate a review of the design of such Component and, if redesign is practicable, promptly redesign such Component. If

such redesign requires modification of deficient Specified Components, Boeing will promptly either (i) modify such deficient Components at no charge to Customer or (ii) provide retrofit kits required to accomplish such modification at no-charge to Customer and reimburse Customer for the direct labor costs to incorporate such retrofit kits. Boeing's reimbursement amount will not exceed Boeing's reasonable estimate of the labor hours required therefor by Customer, using the warranty labor reimbursement agreement then in effect between Boeing and Customer; and

(c) Upon Customer's request, promptly provide to Customer on a no-charge loan basis the quantity of additional spare Specified Components, or component systems of, determined by the formula set forth in Section 1.8 herein. Such spare Specified Component(s) will be in a new or used-serviceable condition.

1.3.2 Upon receipt of each subsequent monthly report submitted by Customer pursuant to Section 1.5.2 herein, Boeing will monitor the Fleet Achieved MTBUR and/or Fleet Achieved MTBF with respect to the deficient Specified Component and, depending on the reliability performance of such Component, either (i) if a Deficiency continues to exist, and at Customer's request, promptly furnish any additional spare Component(s) available to Customer under the terms of the Program or (ii) if a Deficiency no longer exists and subject to separate agreement between Customer and Boeing, Boeing will:

(a) sell such loaned spare Component(s) to Customer as additional follow-on spare parts, and/or

(b) arrange for the incorporation of such loaned spare Component(s) in one or more of Customer's follow-on Aircraft.

If Customer and Boeing cannot reach agreement on either alternative 1.3.2(a) or 1.3.2(b) above, Customer will be responsible for the return promptly after notice from Boeing to Customer of such failure to agree to Boeing of any spare Component(s) loaned hereunder.

1.4 Extended Remedies.

Notwithstanding the expiration of the Program Term for any Specified Component, if an MTBUR Deficiency, Special MTBUR Deficiency, MTBF Deficiency or Special MTBF Deficiency exists with regard to such Specified Component on such expiration date, and Customer notifies Boeing of such Deficiency within one hundred twenty (120) days after such date, Boeing will either:

1.4.1 Extend the Program for such Specified Component until such Deficiency is corrected, in which case the provisions of Section 1.3 herein will remain in full force and effect with respect to such Specified Component, or

1.4.2 Negotiate in good faith with Customer to reach a mutually agreeable settlement regarding such Deficiency.

1.5 Administrative Requirements.

1.5.1 If no MTBUR Deficiency, Special MTBUR Deficiency, MTBF Deficiency or Special MTBF Deficiency exists with respect to a Specified Component for any Reporting Period, or, if applicable, Special Reporting Period, no reports need be filed. If a Deficiency is being claimed, the reports identified in Section 1.5.2 below covering the Reporting Period or Special Reporting Period during which such Deficiency occurred will accompany such claim.

1.5.2 After such a Deficiency has been claimed or when any remedies, as set forth in Section 1.3 herein, are being provided to Customer, Customer will provide monthly reports to Boeing. Such reports will include the calculation of the Fleet Achieved MTBUR or Fleet Achieved MTBF for the most recently completed Reporting Period or, if applicable, Special Reporting Period (which will include the same number of months in the Reporting Period or Special Reporting Period initially selected by Customer pursuant to Section 1.2.10 or 1.2.11 herein for the Specified Component involved) and will be submitted to Boeing within thirty (30) days after the last day of each successive month.

1.5.3 Upon request, Customer will submit to Boeing adequate proof that any removal of a Specified Component for a reason claimed by Customer to constitute a Chargeable Unscheduled Removal or Verified Failure does in fact constitute such Removal or such Failure. Customer will afford Boeing a reasonable opportunity to investigate the cause of any claimed Deficiency and will provide such additional information as is reasonably necessary to monitor the Program or to investigate any claimed Deficiency. Customer records supporting such reports and any additional pertinent information related thereto will be maintained for a minimum of one (1) year after submittal of the report or related information. All such records and any other data in Customer's possession reasonably required for the proper administration of the Program will, upon request, be made available at Customer's facilities for examination by Boeing.

1.5.4 All reports submitted to Boeing will be addressed to the attention of Boeing's Product Assurance Contracts Regional Manager at Renton, Washington.

1.6 Conditions and Limitations.

1.6.1 If, to improve the Fleet Achieved MTBUR or Fleet Achieved MTBF for a Specified Component, Boeing provides service bulletins, service letters or other written instructions (instructions) or offers no-charge retrofit kits (kits) pertaining to such Component, Customer will accomplish such instructions or install such kits within a period of three hundred sixty-five (365) days after availability of such instructions or kits at Customer's facility or such longer period as may be established by mutual agreement between Boeing and Customer. In the event that Customer requests in writing and extension beyond three hundred sixty-five (365) days, Boeing will not unreasonably withhold its agreement to such an extension. If Customer does not accomplish the instructions or install the kits within the time periods indicated, all removals of Specified Components affected by such instructions or kits which occur after expiration of such time periods and prior to accomplishment by Customer of such instructions or kits on all affected Specified Components in Customer's possession will be excluded from the calculations which determine whether or not remedies are available under the Program.

1.6.2 The Program is not a warranty or an agreement to modify any Specified Component to conform to new developments in the state of design or manufacturing art. Boeing's sole obligations under the Program and Customer's sole remedy and relief for all matters arising under or by virtue of the Program will be as set forth herein. This Section 1 and the rights and remedies of Customer and obligations of Boeing herein are subject to the disclaimer and release and Exclusion of Consequential and Other Damages provisions of Part 2 of Exhibit C to the AGTA. Notwithstanding the preceding sentence, this shall not impede or waive Customer's rights under the Product Assurance Document.

1.7 Determination of Target Critical Values for MTBUR and MTBF Targets.

1.7.1 Definitions.

- R = number of Fleet Unscheduled Removals (for MTBUR) or Fleet Verified Failures (for MTBF) during Reporting Period.
- M = applicable MTBUR Target or MTBF Target for the Specified Component (as set forth in Section 1.9 herein).
- C = Critical Value Multiplier (determined using the table below) which corresponds to the value of "R" as defined above. (Interpolation is to be used for values not shown in the table below.)

1.7.2 Target Critical Value Calculation.

The Target Critical Value (used to determine if an MTBUR Deficiency or an MTBF Deficiency exists) for any Specified Component will be calculated as follows:

$$\text{Target Critical Value} = \text{CM}$$

1.7.3 Table of Critical Value Multipliers.

R	C	R	C
--	--	--	---
4	.436	18	.712
5	.486	19	.719
6	.525	20	.726
7	.556	25	.754
8	.582	30	.776
9	.604	40	.803
10	.622	50	.824
11	.638	75	.855
12	.652	100	.874
13	.665	200	.911
14	.677	300	.926
15	.687	400	.935
16	.697	500	.943
17	.704	1000 or more	.946

Note: The table values are derived from the chi-square confidence limits for the exponential distribution. Each critical value multiplier is the reciprocal of a 90% one-sided upper confidence limit.

1.8 Additional Spare Specified Components Formula.

1.8.1 Definitions.

M = applicable MTBUR or MTBF Target for the Specified Component

m = Fleet Achieved MTBUR or MTBF

- N = total number of installed Specified Components, i.e, number of Covered Aircraft operated during the Reporting Period or, if applicable, Special Reporting Period times the number of such Specified Components installed per Covered Aircraft.
- T = Turnaround-Time (in calendar days)
- u = Average daily utilization (total actual Fleet flying hours, takeoff to touchdown, divided by total number of Fleet in-service calendar days) during the latest Reporting Period or, if applicable, Special Reporting Period

The quantity of spare Specified Components (Q) to be offered pursuant to Section 1.3.1(c) is:

$$Q = \frac{(T)(u)(N)(M-m)}{(Mm)}$$

1.8.2 If Q is less than 1, then Customer will be entitled to one (1) spare Specified Component. Any value of Q greater than 1 will be rounded to the nearest whole number.

1.9 Specified Components.

Part Number	Part Name	Qty. Per A/C	MTBUR Target	MTBF Target
285A1010	Stall Management Computer/ Yaw Damper (SMYD)	2	15,000	30,000
285A1200	Flap/Slat Electronics Unit (FSEU)	1	15,000	20,000
285A1300	Engine Accessory Unit (EAU)	1	15,000	30,000
285A1600	Proximity Switch Electronics Unit (PSEU)	1	15,000	20,000

Note: The above listing may be subject to change based on the ongoing design of the Aircraft systems in which the Specified Components will be incorporated. Should change occur, a final listing will be furnished Customer prior to delivery of the first Aircraft.

2. Supplier Component Reliability Commitments.

2.1 Supplier MTBUR/MTBF Commitments.

Boeing has obtained component reliability commitments and, for fault tolerant systems, system reliability commitments, enforceable by Customer, from suppliers of certain systems, accessories, equipment and parts as listed on Attachment A hereto which are selected and purchased by Boeing but which are not manufactured to Boeing's detailed design and which will be installed in the Aircraft at time of delivery (Supplier Commitments). These commitments are based on the supplier's contractual targets for Mean Time Between Unscheduled Removals (MTBUR) and Mean Time Between Failures (MTBF). Boeing will furnish copies of such supplier MTBUR/MTBF commitment to Customer, in Boeing Document No. D6-56115, "Supplier Product Support and Product Assurance Document - All Boeing Model Airplanes," prior to delivery of the first Aircraft.

2.2 Boeing Support of Supplier MTBUR/MTBF Commitment.

Customer will be responsible for submitting any reliability reports directly to suppliers, however if any supplier defaults in the performance of any material obligation with respect to the Supplier Commitments obtained by Boeing pursuant to Section 2.1 above, then the terms and conditions set forth in Section 1 of this Letter Agreement will apply with respect to the supplier component involved, as if such component was a "Specified Component" (as defined in Section 1.2.12 of such Section 1) provided by Boeing, except that:

2.2.1 Customer will, within three (3) months after the occurrence of such default, submit to Boeing's Product Assurance Contracts Regional Manager at Renton, Washington, reasonable proof that such default has occurred.

2.2.2 The MTBUR and MTBF target values used will be the target values specified in the Supplier Commitments obtained by Boeing as described in Section 2.1 above.

2.2.3 Boeing will have the right to assign any or all of its applicable obligations and liabilities with respect to Section 2.1 to any supplier that Boeing may select, provided that Boeing will remain obligated, pursuant to this Section 2, to such applicable Section 1 provisions in the event of any further default by any such supplier.

At Boeing's request, Customer will assign to Boeing, and Boeing will be subrogated to, any of Customer's rights against such supplier as Boeing may reasonably require to permit Boeing to seek remedies from such supplier comparable to those provided by Boeing to Customer pursuant to such Section 1.

3. Confidential Treatment

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

Nomenclature	QPA	Supplier	Boeing P/N	Supplier P/N	MTBF Target	MTBUR Target
Air Cycle Machine	2	Allied AES	S210A001-1	2206400-1	25000	22500
*Power Distribution Panel P91	1	Allied Canada	S281A601-1XXX	1151932-1 SER 1	60000	60000
*Power Distribution Panel P92	1	Allied Canada	S281A601-2XXX	1151934-1 SER 1	60000	60000
Standby Power Control Unit (currently being re-evaluated)	1	Allied Canada	S281A601-3000	1151952-1 SER 1	17000	15000
290 Amp Latching Held Contactor	5	Allied Canada	S281A601-10	1151968-1 SER 1	75000	15000
290 Amp Electrically Held Contactor	1	Allied Canada	S281A601-11	1151970-1 SER 1	75000	15000
Differential Protection Current Transformer	5	Allied Canada	S281A601-12	1152018-1 SER 1	100000	75000
**Basic APU Core	1	Allied Engines	S351A401-201	3500702	10000	8500
**Electronic Control Unit	1	Allied Engines	S351A401-221	2118966-221	18000	15000
**Fuel Control Unit	1	Allied Engines	S351A401-201	411921-4	18000	15000
**Fuel Flow Divider	1	Allied Engines	S351A401-201	3883830-1	78900	44400
**Ignition Unit	1	Allied Engines	S351A401-201	3888058-5	41600	31600
**Ignition Lead	1	Allied Engines	S351A401-201	3876132-12	250000	100000
**Ignition Plug	1	Allied Engines	S351A401-201	305766-1	180000	15700
**Lube Module	1	Allied Engines	S351A401-201	4131020-3	22000	10800
**Low Oil Pressure Switch	1	Allied Engines	S351A401-201	3876225-1	70000	35000
**Temperature Control Valve	1	Allied Engines	S351A401-201	160550-1	100000	80000
**Total Pressure (P1) Sensor	1	Allied Engines	S351A401-201	3876226-1	45000	20600
**Delta Pressure Sensor	1	Allied Engines	S351A401-201	3876227-2	40000	21220
**Inlet Pressure (P2) Sensor	1	Allied Engines	S351A401-201	3876225-2	45000	20220
**Surge Control Valve	1	Allied Engines	S351A401-201	3291238-2	24000	15000
**Speed Sensor	1	Allied Engines	S351A401-201	3876223-1	300000	112000
**EGT Thermocouples (2 Rakes)	1	Allied Engines	S351A401-201	3876271-1	200000	100000
**Data Memory Module (DMM)	1	Allied Engines	S351A401-201	3876287-1	120000	96000
**Inlet Guide Vane Actuator	1	Allied Engines	S351A401-201	3886188-2	37400	29300
**Low Oil Quantity Switch	1	Allied Engines	S351A401-201	3876298-3	50000	40000
**Oil Cooler	1	Allied Engines	S351A401-201	160564-1	210000	189000
**APU Wiring Harness	1	Allied Engines	S351A401-201	3888407-2	280000	154000
**Starter/Generator	1	Allied Engines	S351A401-201	28B545-7	16000	14000
**Start Converter Unit	1	Allied Engines	S351A401-241	1151858-241	10000	7000
**Start Power Unit	1	Allied Engines	S351A401-261	1151984-261	16700	15000
**Bleed Control Valve	1	Allied Engines	S351A401-201	3291214-2	24000	15000
Refuel Panel Indicator	3	BFGoodrich	S345A001-001	10037-0750	96000	60000
Refuel Panel Indicator	3	BFGoodrich	S345A001-005	10037-0770	96000	60000
Processor	1	BFGoodrich	S345A001-010	30128-01	30000	17000

* = Reliability targets include only the chassis, rigid bus, wiring, connectors and terminals

** = MTBF and MTBUR are calculated in APU operating hours

*** = Initial MTBF is 9000 and initial MTBUR is 2250 (initial target is from delivery of each airlines 1st airplane to 24 months)

Nomenclature	QPA	Supplier	Boeing P/N	Supplier P/N	MTBF Target	MTBUR Target
Compensator	3	BFGoodrich	S345A001-020	20202-01	6700000	600000
Tank Unit LT/RT#2	2	BFGoodrich	S345A001-114	20200-0210	8500000	1200000
Tank Unit CTR #1, #8	2	BFGoodrich	S345A001-205	20200-0213	8500000	1200000
Tank Unit CTR #2, #7	2	BFGoodrich	S345A001-206	20200-0214	8500000	1200000
Tank Unit CTR #3, #6	2	BFGoodrich	S345A001-207	20200-0216	8500000	1200000
Tank Unit CTR #4, #5	2	BFGoodrich	S345A001-204	20200-0115	8500000	1200000
Tank Unit LT/RT #1	2	BFGoodrich	S345A001-113	20200-0212	8500000	1200000
Tank Unit LT/RT #3	2	BFGoodrich	S345A001-115	20200-0211	8500000	1200000
Tank Unit LT/RT #4	2	BFGoodrich	S345A001-116	20200-0209	8500000	1200000
Tank Unit LT/RT #5	2	BFGoodrich	S345A001-117	20200-0207	8500000	1200000
Tank Unit LT/RT #6	2	BFGoodrich	S345A001-118	20200-0208	8500000	1200000
Tank Unit LT/RT #7	2	BFGoodrich	S345A001-119	20200-0206	8500000	1200000
Tank Unit LT/RT #8	2	BFGoodrich	S345A001-120	20200-0205	8500000	1200000
Tank Unit LT/RT #11, #12	4	BFGoodrich	S345A001-121	20200-0202	8500000	1200000
Tank Unit LT/RT #9	2	BFGoodrich	S345A001-109	20200-0104	8500000	1200000
Tank Unit LT/RT #10	2	BFGoodrich	S345A001-110	20200-0103	8500000	1200000
Stall Management Computer/Yaw Damper	2	Boeing	285A1010		30000	15000
Flap/Slat Electronics Unit	1	Boeing	285A1200		20000	15000
Engine Accessory Unit	1	Boeing	285A1300		30000	15000
Proximity Switch Electronics Unit	1	Boeing	285A1600		20000	15000
Airborne Vibration Monitor	1	Endevco	S360N021-203	6672M203	30000	30000
Airborne Vibration Monitor	1	Endevco	S360N021-213	6672M213	30000	30000
Anti-Collision Light Power Supply	4	Grimes	S283A305-101	60-4983-3	60,000	15000
Aft Position Navigation Light	2	Grimes	S283A313-103	30-2481-3	60,000	15000
Navigation Light Assembly	1	Grimes	S283A313-1	30-2392-3	60,000	15000
Navigation Light Assembly	1	Grimes	S283A313-2	30-2392-4	60,000	15000
Anti-Collision Light Assembly	2	Grimes		31-8138-1	60,000	15000
Integrated Wingtip Lens Assembly	1	Grimes		31-8142-1	60,000	15000
Integrated Wingtip Lens Assembly	1	Grimes		31-8142-2	60,000	15000
Upper Strobe Light	1	Grimes	S283A305-1	30-2505-3	35,000	15000
Lower Strobe Light	1	Grimes	S283A305-2	30-2506-3	35,000	15000
Strobe Light Lens Assembly	2	Grimes		31-8243-1	35,000	15000
Strobe Light Reflector Assembly	2	Grimes		31-8235-3	35,000	15000
Retractable Landing Light	1	Grimes	S283A321-1	45-0351-1	35,000	15000
Retractable Landing Light	1	Grimes	S283A321-2	45-0351-2	35,000	15000
Cable	1	Grimes	S283A305-201	60-4984-1	60000	15000

* = Reliability targets include only the chassis, rigid bus, wiring, connectors and terminals

** = MTBF and MTBUR are calculated in APU operating hours

*** = Initial MTBF is 9000 and initial MTBUR is 2250 (initial target is from delivery of each airlines 1st airplane to 24 months)

Nomenclature	QPA	Supplier	Boeing P/N	Supplier P/N	MTBF Target	MTBUR Target
Cable	1	Grimes	S283A305-202	60-4984-3	60000	15000
Cable	1	Grimes	S283A305-203	60-4984-5	60000	15000
Cable	1	Grimes	S283A305-201	60-4984-11	60000	15000
Cable	1	Grimes	S283A305-202	60-4984-13	60000	15000
Air Data Inertial Reference Unit (ADIRU)	2	Honeywell	S242A101-001	HG2050AC01	17000	15000
ISDU	1	Honeywell	10-62042-103	CG1135AC03	12000	10000
FCC	2	Honeywell	10-62038-5	4051600-915	15000	
Window Heat Control Unit	4	Koito	10-61833-4	83000-05603	33884	23000
Main Rudder Power Control Unit	1	Parker Hannifin	S251A301-1	381500-1001	32118	27674
Standby Rudder Power Control Unit	1	Parker Hannifin	S251A302-1	381200-1001	171900	92447
Wiper Motor	1	Rosemount	10-61329-31	2313M-347-1	38000	38000
Wiper Motor Converter	1	Rosemount	10-61329-32	2313M-348-1	38000	38000
Logic Control Module	1	Rosemount	S417T108-15	1742F7	60000	60000
ADM		Sextant	S242W600-100	C17001AA01	100000	
Autothrottle Computer	1	Smiths Industries	10-62017-51	760SU1-1	***18000	***4500
Autothrottle Servo Motor	2	Smiths Industries	S254A114-1	305RAA1	69000	n/a
Bus Power Control Unit	1	Sundstrand	S281A001-301	762187	25000	9000
Generator Control Unit	3	Sundstrand	S281A001-201	762185	25000	9000
Integrated Drive Generator	2	Sundstrand	S281A001-101	761574	18000	10800
Horizontal Stabilizer Ballscrew Assy	1	Umbra Cuscinetti	10-62210-2	07322P000-1	2500000	n/a
Trailing Edge Flap Ball Screws	2	Umbra Cuscinetti	S256A401-1	B21733	100000	n/a
Trailing Edge Flap Drive Screws	2	Umbra Cuscinetti	S256A401-2	B21734	100000	n/a
Trailing Edge Flap Drive Ball Screws	4	Umbra Cuscinetti	S256A401-3	B21735	100000	n/a
Airborne Vibration Monitor	1	Vibrometer	S360N021-103	241-258-002	30000	30000
Airborne Vibration Monitor	1	Vibrometer	S360N021-113	241-258-031-1	30000	30000
Stabilizer Trim Motor	1	Vickers	10-62233-4	6355	35000	33250
Stabilizer Trim Motor	1	Vickers	10-62233-5	B0001-01	35000	33250
APU Upper Detector	1	Whittaker Safety Systems	S332T100-27	902013	160000	40000
APU Lower Detector	1	Whittaker Safety Systems	S332T100-28	902014	160000	40000
Engine Upper Detector	2	Whittaker Safety Systems	S332T100-29	902015-01	60000	15000
Engine Lower Detector	2	Whittaker Safety Systems	S332T100-30	902016-01	60000	15000
Engine After Core Detector	2	Whittaker Safety Systems	S332T100-31	902017-01	60000	15000
Engine Right Side Detector	2	Whittaker Safety Systems	S332T100-38	902018-01	60000	15000
APU Exhaust Detector	1	Whittaker Safety Systems	S332T100-42	902020	160000	40000
Engine After Core Detector	2	Whittaker Safety Systems	S332T100-43	902862	60000	15000
Engine Lower Detector	2	Whittaker Safety Systems	S332T100-44	902864	60000	15000
Module	1	Whittaker Safety Systems	S332A250-1	901950-01	15000	15000

* = Reliability targets include only the chassis, rigid bus, wiring, connectors and terminals

** = MTBF and MTBUR are calculated in APU operating hours

*** = Initial MTBF is 9000 and initial MTBUR is 2250 (initial target is from delivery of each airlines 1st airplane to 24 months)

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1978 between The Boeing Company and
American Airlines, Inc. relating to Model 757-223 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and
amends and supplements the Purchase Agreement referenced above. All capitalized
terms used herein but not otherwise defined in this Letter Agreement shall have
the same meanings assigned thereto in Exhibit C to the Purchase Agreement or
elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

3. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information
contained in this Letter Agreement are considered by Boeing and Customer as
confidential. Customer and Boeing agree that each will treat this Letter
Agreement and the information contained herein as confidential and will not,
without the prior written consent of the other, disclose this Letter Agreement
or any information contained herein to any other person or entity, except as
provided in this Letter Agreement or the Purchase Agreement.

P.A. No. 1978

Very truly yours,

THE BOEING COMPANY

By

Its Attorney-In-Fact
.....

ACCEPTED AND AGREED TO this

Date:, 1997

AMERICAN AIRLINES, INC.

By

Its
.....

6-1162-AKP-089

American Airlines, Inc.
P.O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1978 between The Boeing
Company and American Airlines, Inc. relating to Model
757-223 aircraft

This letter agreement ("Letter Agreement") is entered into on the date below, and constitutes a part of the above-referenced Purchase Agreement, as the same may hereafter be amended, modified or supplemented and including, without limitation, as part thereof the exhibits, appendices, schedules, attachments and letter agreements thereto (the "757-223 Purchase Agreement").

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

11. CONFIDENTIAL TREATMENT. Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Applicable Purchase Agreements.

P.A. No.1978

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its _____

- Attachment A: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment B: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment C: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment D: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment E: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-1 TO
LETTER AGREEMENT 6-1162-AKP-089
757-223

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-2 TO
LETTER AGREEMENT 6-1162-AKP-089
757-323

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT B TO
LETTER AGREEMENT 6-1162-AKP-089 (MODEL 757)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT C TO
LETTER AGREEMENT 6-1162-AKP-089 (MODEL 757)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

[CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Aircraft Performance Guarantees
Reference: Purchase Agreement No. 1978 between The Boeing Company and
American Airlines, Inc. relating to Model 757-223 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Aircraft Performance Guarantees.

The only Performance Guarantees applicable to the Aircraft are those set forth in Attachment A hereto. Such Performance Guarantees are exclusive and will expire upon delivery of the Aircraft to Customer.

2. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will

P.A. 1978

not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its

Attachment

P.A. 1978

MODEL 757-223 PERFORMANCE GUARANTEES

SECTION	CONTENTS
1	AIRCRAFT MODEL APPLICABILITY
2	FLIGHT PERFORMANCE
3	MAXIMUM STRUCTURAL PAYLOAD
4	SOUND LEVELS
5	AIRCRAFT CONFIGURATION
6	GUARANTEE CONDITIONS
7	GUARANTEE COMPLIANCE
8	EXCLUSIVE GUARANTEES

1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 757- 223 Aircraft with a maximum takeoff weight of at least 250,000 pounds, a maximum landing weight of 198,000 pounds, a maximum zero fuel weight of 184,000 pounds and a fuel capacity of 11,276 U.S. gallons, and equipped with Boeing furnished RB211-535E4-B engines.

2 FLIGHT PERFORMANCE

2.1 MISSION

2.1.1 MISSION PAYLOAD

The payload for a stage length of 3,040 nautical miles in still air (equivalent to a distance of 2,523 nautical miles with a 78 knot headwind, representative of a Miami to Seattle route) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is 11 feet.

The airport temperature is 73 degrees F.

The runway length is 10,502 feet.

An Aircraft center of gravity location at the most forward center of gravity limit.

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 290 KCAS.

The climb continues at 290 KCAS until 0.80 Mach number is reached.

The climb continues at 0.80 Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at 0.80 Mach number.

The initial cruise altitude is 31,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level.

The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is 429 feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out:
Fuel 585 Pounds
Time 0.250 Hours

Takeoff and Climbout Maneuver:
Fuel 885 Pounds
Distance 4.5 Nautical Miles

Approach and Landing Maneuver:
Fuel 370 Pounds

Taxi-in (shall be consumed from the reserve fuel):
Fuel 310 Pounds
Time 0.133 Hours

Usable reserve fuel remaining upon completion of the approach and landing maneuver: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.1.2 MISSION BLOCK FUEL

The block fuel for a stage length of 3,040 nautical miles in still air (equivalent to a distance of 2,523 nautical miles with a 78 knot headwind, representative of a Miami to Seattle route) with a [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] pound payload using the conditions and operating rules defined below, shall not be more than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Conditions and operating rules are the same as Paragraph 2.1.1 except as follows:

Block Fuel: The block fuel is defined as the sum of the fuel used for taxi-out, takeoff and climbout maneuver, climb, cruise, descent, approach and landing maneuver, and taxi-in.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Operational Empty Weight, OEW
(Paragraph 2.12.4): [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

Taxi-out:
Fuel 585 Pounds
Time 0.250 Hours

Takeoff and Climbout Maneuver:
Fuel 875 Pounds
Distance 4.5 Nautical Miles

Approach and Landing Maneuver:
Fuel 370 Pounds

Taxi-in (shall be consumed from the reserve fuel):
Fuel 310 Pounds
Time 0.133 Hours

Usable reserve fuel remaining upon completion of the approach and landing maneuver: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.1.3 OPERATIONAL EMPTY WEIGHT BASIS

The Operational Empty Weight (OEW) derived in Paragraph 2.1.4 is the basis for the mission guarantees of Paragraphs 2.1.1 and 2.1.2.

2.1.4 757-223 WEIGHT SUMMARY - AMERICAN AIRLINES

	Pounds

Standard Model Specification MEW Detail Specification D6-44010 dated 6-19-87	118,394

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

	Quantity	Pounds	Pounds
* Seat Weight Included:			#

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.1.5 STANDARD AND OPERATIONAL ITEMS ALLOWANCE

	Quantity	Pounds	Pounds	Pounds
Standard Items Allowance				3,297
Unusable Fuel			261	
Oil			195	
Oxygen Equipment			63	
Miscellaneous Equipment			178	
Medical Kit	1			
First Aid Kit	4			
Smoke Hoods	5			
Megaphones	2			
Flashlights	8			
Life Vest (Crew)	10			
Crash Axe	1			
Smoke Goggles	4			
Survival Packs	6			
Emergency Transmitters	2			
Galley Structure & Fixed Inserts			2,600	
Operational Items Allowance				#
Crew and Crew Baggage			1,360	
Flight Crew	2	340		
Cabin Crew	6	810		
Baggage 8	160			
Briefcases	2	50		
Removable Service Equipment				#
Passenger Service Equipment				#
Carts				#
Food and Beverage			2,400	
Potable Water - 60 Gallons			531	
Waste Tank Disinfectant			100	
Emergency Equipment			1,339	
Escape Slides	2	212		
Slide Rafts	6	636		
Life Rafts	2	200		
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]	#	#		
Total Standard and Operational Items Allowance				#
- - - - -				
# [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]				

3 MAXIMUM STRUCTURAL PAYLOAD

The maximum structural payload, as represented by the maximum design zero fuel weight minus the OEW (based on the American Airlines weight allowances derived in Paragraph 2.1.4) shall not be less than the following guarantee value:

NOMINAL:	50,720 Pounds
TOLERANCE:	-1,225 Pounds
GUARANTEE:	49,495 Pounds

4 SOUND LEVELS

4.1 COMMUNITY SOUND LEVELS

The Aircraft shall be certified in accordance with Stage 3 requirements of FAR Part 36, essentially equivalent to ICAO Annex 16, Volume 1, Chapter 3.

4.2 INTERIOR SOUND LEVELS IN FLIGHT

The sound level at the head position of a seated pilot or passenger during cruise shall not be more than the following guarantee value:

Overall Sound Pressure Levels		OASPL	

Pilot's Inboard Ear	NOMINAL:	80	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	83	dB
Passenger Aisle Seats Forward of Station 645	NOMINAL:	83	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	86	dB
Passenger Aisle Seats At Station 683 and Aft	NOMINAL:	87	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	90	dB

Speech Interference Levels		SIL	

Pilot's Inboard Ear	NOMINAL:	66	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	69	dB
Passenger Aisle Seats Forward of Station 645	NOMINAL:	68	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	71	dB
Passenger Aisle Seats At Station 683 and Aft	NOMINAL:	63	dB
	TOLERANCE:	+3	dB
	GUARANTEE:	66	dB

4.3 RAMP SOUND LEVELS

The sound level at ramp locations during Aircraft ground operation shall not be more than the following guarantee value:

A-weighted Sound Levels		dBA	

Forward and Aft Cargo Doors	NOMINAL:	82	dBA
	TOLERANCE:	+3	dBA
	GUARANTEE:	85	dBA
Passenger Entry Doors (left side)	NOMINAL:	82	dBA
	TOLERANCE:	+3	dBA
	GUARANTEE:	85	dBA
Underwing Fueling Locations	NOMINAL:	82	dBA
	TOLERANCE:	+3	dBA
	GUARANTEE:	85	dBA

5 AIRCRAFT CONFIGURATION

5.1 The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Revision S of Detail Specification D6-44010-75 (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause

changes to the flight performance, sound levels, and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.

5.2 The guarantee payload of Paragraph 2.1.1 and the Maximum Structural Payload guarantee of Section 3 will be adjusted by Boeing for the effect of the following on OEW in its evidence of compliance with the guarantees:

(1) Changes to the Detail Specification including Change Requests, Master Changes, Change Orders or any other changes mutually agreed upon between the Customer and Boeing or otherwise allowed by the Purchase Agreement.

(2) The difference between the component weight allowances given in Appendix IV of the Detail Specification and the actual weights.

6 GUARANTEE CONDITIONS

6.1 All guaranteed performance data are based on the ICAO International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.

6.2 The FAA Regulations (FAR) referred to in this Attachment are, unless otherwise specified, the 757-200 Certification Basis regulations specified in the Type Certificate Data Sheet A2NM, Revision 3, dated December 30, 1986.

6.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraph 6.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.

- 6.4 The takeoff portion of the mission guarantees are based on hard surface, level and dry runways with no wind or obstacles, no clearway or stopway, 210 mph tires, with anti-skid operative, and with the Aircraft center of gravity at the most forward limit unless otherwise specified. The takeoff performance is based on no engine bleed for air conditioning or thermal anti-icing and the Auxiliary Power Unit (APU) turned off. Unbalanced field length calculations and the improved climb performance procedure will be used for takeoff as required.
- 6.5 The climb, cruise and descent portions of the mission guarantees include allowances for normal power extraction and engine bleed for normal operation of the air conditioning system. Normal electrical power extraction shall be defined as not less than a 110 kilowatts total electrical load. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of 75degreesF, and all air conditioning systems operating normally. This operation allows a maximum cabin pressure differential of 8.6 pounds per square inch at higher altitudes, with a nominal Aircraft cabin ventilation rate of 3,680 cubic feet per minute including passenger cabin recirculation (nominal recirculation is 55 percent). The APU is turned off unless otherwise specified.
- 6.6 The climb, cruise and descent portions of the mission guarantees are based on an Aircraft center of gravity location of 26 percent of the mean aerodynamic chord.
- 6.7 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of 18,580 BTU per pound and a fuel density of 6.70 pounds per U.S. gallon.

- 6.8 Sound pressure levels are measured in decibels (dB) referred to the standard reference pressure of 20 micro Pascals. Overall sound pressure level (OASPL) is defined to be the sound pressure level for the frequency range from 45 to 11,200 Hz. Speech interference level (SIL) is defined to be the arithmetic average of sound pressure levels in the three octave bands with center frequencies at 1,000, 2,000 and 4,000 Hz. A-weighted sound level (dBA) is as defined in American National Standards Association S1.4-1983 for the frequency range from 45 to 11,200 Hz.
- 6.9 The guarantee for interior sound levels in flight pertains to normal operation of an Aircraft in cruise during straight and level flight at an altitude of 35,000 feet and 0.80 Mach number. The Aircraft shall have a complete interior installation including standard thermal/ acoustic insulation, all lining and partition panels, a full shipset of fabric upholstered seats and floor covering in the passenger cabin. The interior configuration is defined in LOPS-5720-2810. The procedures used for the measurement of interior sound levels shall be equivalent to those in SAE ARP 1323.
- 6.10 The guarantee for ramp sound levels pertains to a parked Aircraft during in-service turn around with the APU, all environmental control system packs, environmental control system recirculation fans, electronic equipment cooling fans and vent fans operating and with the main propulsion engines not operating. The guarantees pertain to APU and environmental control system pack operation at an outside ambient temperature of 25degreesC (77 degrees F). The procedures used for the measurement of ramp sound levels shall be equivalent to those in SAE ARP 1307.

7 GUARANTEE COMPLIANCE

- 7.1 Compliance with the guarantees of Sections 2, 3, and 4 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 5 and the guarantee conditions of Section 6.
- 7.2 Compliance with the takeoff portion of the mission guarantees and the community sound level guarantees shall be based on the FAA approved Airplane Flight Manual for the Model 757-200.
- 7.3 Compliance with the climb, cruise and descent portions of the mission guarantees shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 7.4 The OEW used for compliance with the mission guarantee and the maximum structural payload guarantee shall be the actual MEW plus the Standard and Operational Items Allowance in Paragraph 3-60-0 of the Detail Specification.
- 7.5 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.
- 7.6 Compliance with the guarantee for interior sound levels in flight shall be demonstrated by Boeing Document D047N403. Compliance with the guarantee for ramp sound levels shall be demonstrated by Boeing Document D527N125. The compliance documentation shall be based on sound level surveys on production 757-200 aircraft, acoustically similar to the Customer's Aircraft. These sound levels shall be adjusted for sound level increases resulting from Buyer Furnished Equipment, Boeing Purchased Equipment and from changes to the Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement.

7.7 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

8 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1978 between The Boeing Company and
American Airlines, Inc. relating to Model 757-223 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and
amends and supplements the Purchase Agreement referenced above. All capitalized
terms used herein but not otherwise defined in this Letter Agreement shall have
the same meanings assigned thereto in Exhibit C to the Purchase Agreement or
elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

8. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial
information contained in this Letter Agreement are considered by Boeing and
Customer as confidential. Customer and Boeing agree that each will treat this
Letter Agreement and the information contained herein as confidential and will
not, without the prior written consent of the other, disclose this Letter
Agreement or any information contained herein to any other person or entity,
except as provided in this Letter Agreement or in the Purchase Agreement.

P.A. No. 1978

Very truly yours,
THE BOEING COMPANY

By -----

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: -----, 1997

AMERICAN AIRLINES, INC.

By -----

Its -----

Attachments

P.A. No. 1978

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: 757 Miscellaneous Commitments

Reference: Purchase Agreement No. 1978 between The Boeing Company
and American Airlines, Inc. relating to Model 757-223
Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

5. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

P.A. No.1978

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Escalation Sharing

Reference: Purchase Agreement No. 1978 between The Boeing Company
and American Airlines, Inc. relating to Model 757-223
Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Commitment.

Boeing agrees to share one-half of the Escalation Adjustment to the Airframe Price and the Optional Features Price of each Aircraft which is attributable to each of the years 1997 and 1998, as more fully set forth in this Letter Agreement; provided, however, in no event will Boeing's share of such Escalation Adjustment exceed three percent (3%) for each such year.

All escalation calculations under this Letter Agreement will be made in accordance with the Airframe Escalation Adjustment Document, using actual escalation indices published for the applicable period.

2. Computation of 1997 Escalation Factors.

For purposes of determining the Escalation Sharing Factor ("ESF") applicable to each Aircraft pursuant to Section 4 of this Letter Agreement, a 1997 Unadjusted Escalation Factor and a 1997 Adjusted Escalation Factor will be determined in accordance with Sections 2.1 and 2.2 below.

P.A. No. 1978

2.1 1997 Unadjusted Escalation Factor.

The amount determined pursuant to the following formula will be the 1997 Unadjusted Escalation Factor ("UEF(97)"):

$$\text{UEF}(97) = (\text{LM}(97)/\text{LM}(96)) - 1$$

where:

LM(97) = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1997

LM(96) = 1.0507 (which is the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1996)

2.2 1997 Adjusted Escalation Factor.

The amount determined pursuant to the formula set forth in (a) or (b) below, as applicable, will be the 1997 Adjusted Escalation Factor ("AEF(97)"):

a) If the UEF(97) factor determined pursuant to Section 2.1 is greater than six percent (0.06), then the 1997 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(97) = (\text{LM}(97)/\text{LM}(96)) - .03$$

b) If the UEF(97) factor determined pursuant to Section 2.1 is less than or equal to six percent (0.06), then the 1997 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(97) = (((\text{LM}(97)/\text{LM}(96)) - 1) / 2) + 1$$

3. Computation of 1998 Escalation Factors.

For purposes of determining the ESF applicable to each Aircraft pursuant to Article 4 of this Letter Agreement, a 1998 Unadjusted Escalation Factor and a 1998 Adjusted Escalation Factor will be determined in accordance with Sections 3.1 and 3.2 below.

3.1 1998 Unadjusted Escalation Factor.

The amount determined pursuant to the following formula will be the 1998 Unadjusted Escalation Factor ("UEF98"):

$$\text{UEF}(98) = (\text{LM}(n)/\text{LM}(97)) - 1$$

where:

LM(n) = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using (i) in the case of an Aircraft delivered in 1998, the Scheduled Delivery Month of the applicable Aircraft, or (ii) in the case of an Aircraft delivered in any year after 1998, a notional delivery month of December 1998

3.2 1998 Adjusted Escalation Factor.

The amount determined pursuant to the formula set forth in (a) or (b) below, as applicable, will be the 1998 Adjusted Escalation Factor ("AEF(98)"):

a) If the UEF(98) factor determined pursuant to Section 3.1 is greater than six percent (0.06), then the 1998 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(98) = (\text{LM}(n)/\text{LM}(97)) - .03$$

b) If the UEF(98) factor determined pursuant to Section 3.1 is less than or equal to six percent (0.06), then the 1998 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(98) = (((\text{LM}(n)/\text{LM}(97)) - 1) / 2) + 1$$

4. Credit Memoranda.

4.1 Aircraft Delivered in 1998.

If applicable, Boeing will issue to Customer a credit memorandum with respect to each Aircraft delivered in 1998. The amount of each credit memorandum will be determined in accordance with the following formula:

$$CM(98) = [P(o) \times LM(n)] - [P(o) \times ESF]$$

where:

CM(98) = the dollar amount of the credit memorandum provided, however, if as a result of the foregoing formula the CM(98) factor is a negative number, then the CM(98) factor will be deemed to be zero for all purposes

P(o) = the Airframe Price and the Optional Features price applicable to the Aircraft

ESF = (LM(96)) x (AEF(97)) x (AEF(98)) (such factors being determined pursuant to Sections 2.1, 2.2 and 3.2, respectively)

4.2 Aircraft Delivered in 1999 and thereafter.

Boeing will issue to Customer a credit memorandum with respect to each Aircraft delivered in 1999 and each subsequent year. The amount of each such credit memorandum will be determined in accordance with the following formula:

$$CM(esc) = CM(n) \times (LM(x)/LM(98))$$

where:

CM(esc) = the dollar amount of the credit memorandum

$$CM(n) = [P(o) \times LM(98)] - [P(o) \times ESF]$$

where:

P(o) = the Airframe Price and the Optional Features Price applicable to the Aircraft

LM(98) = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1998

ESF = (LM(96)) x (AEF(97)) x (AEF(98)) (such factors being determined pursuant to Sections 2.1, 2.2 and 3.2, respectively)

LM(x) = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using the Scheduled Delivery Month of the applicable Aircraft

4.3 Application of Credit Memoranda.

Each credit memorandum will be applied in lieu of cash payments by Customer to pay in part the balance of the Aircraft Price due at the time of delivery of the Aircraft with respect to which such credit memorandum was issued.

5. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its _____

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

- References:
- (a) Purchase Agreement No. 1978 (PA 1978), dated as of even date herewith, between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to the Model 757-223 Aircraft described therein (PA 1978 Aircraft)
 - (b) Purchase Agreement No. 1440 (PA 1440) dated as of July 21, 1988 (PA 1440) between Boeing and Customer relating to the Model 757-223 Aircraft described therein (PA 1440 Aircraft)
 - (c) Letter Agreement No. 6-1162-RGP-266 to PA 1440 dated as of February 1, 1991
 - (d) Letter Agreement No. 6-1162-DJV-289 to PA 1440 dated as of August 21, 1996
 - (e) Letter Agreement No. 6-1162-RGP-878 to PA 1440 dated as of March 7, 1995

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements PA 1978 and PA 1440. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to PA 1978 or in PA 1440 (as appropriate).

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

7. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its

Attachments

P.A. No. 1978

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1978

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Price Adjustment on Rolls-Royce Engines

Reference: Purchase Agreement No. 1978 between The Boeing Company and American Airlines, Inc. relating to Model 757-223 aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. It is understood by the parties that the Aircraft Basic Price of each Aircraft includes an aggregate Engine Price for Two (2) Rolls-Royce Model RB211-535E4B Engines of Fourteen Million Two Hundred Fourteen Thousand Dollars (\$14,214,000). Such price may be adjusted by Rolls-Royce to reflect any change incorporated in such Engines in order to satisfy any new rules or regulations, or changes or amendments to the existing rules or regulations, issued by the FAA, or other applicable U.S. Federal Agency, after July 26, 1995 (Engine Modification).

2. Within 20 working days subsequent to the execution of the Purchase Agreement, Boeing will place a purchase order with Rolls-Royce for the Engines to be installed on the Aircraft. Notwithstanding other terms of this Letter Agreement, the Engine Price adjustment specified in Section 1 shall not apply to any Engines for which the scheduled delivery date to Boeing is less than twenty-four (24) months after the later of (i) the date of such purchase order between Boeing and Rolls-Royce or (ii) the date of Rolls-Royce notification to Boeing of such Engine Price adjustment.

3. The parties therefore agree that notwithstanding the provisions of Article 3 of the AGTA, if any Engine Modification is incorporated by Rolls-Royce on Engines installed on any of the Aircraft (other than Engines subject to Section 2) (i) Boeing will adjust the Aircraft Price of any such Aircraft by the amount that Rolls-Royce adjusts the Engine Price, as provided in Section 1 above; (ii) if any Engine Modification requires any change, modification or alteration to the Aircraft on which such Engines are installed (Aircraft

P.A. No. 1978

Modification), the cost of accomplishing the Aircraft Modification will be added to the Aircraft Price of such Aircraft; (iii) notwithstanding the provisions of Article 7 of the AGTA, the time of delivery of such Aircraft will be extended to the extent of any delay attributable to any such Engine Modification or Aircraft Modification and said delay will be deemed an Excusable Delay under the provisions of the Purchase Agreement; and (iv) Boeing will, if necessary, revise the Detail Specification as required to reflect the effects of any Engine Modification or Aircraft Modification.

4. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

6-1162-AKP-097

American Airlines, Inc.
P. O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO
A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1978 between The Boeing Company
and American Airlines, Inc. relating to Model 757-223
Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

6. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the applicable Purchase Agreement.

P.A. No. 1978

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

6-1162-AKP-099

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO
A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1979 between The Boeing Company
and American Airlines, Inc. relating to Model 767-323ER
Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

6. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

P.A. No. 1979

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

American Airlines, Inc.
P.O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1979 between The Boeing Company and American Airlines, Inc. relating to Model 767-323ER Aircraft

This letter agreement ("Letter Agreement") is entered into on the date below, and constitutes a part of the above-referenced Purchase Agreement, as the same may hereafter be amended, modified or supplemented and including, without limitation, as part thereof the exhibits, appendices, schedules, attachments and letter agreements thereto (the "767-323ER Purchase Agreement").

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

11. CONFIDENTIAL TREATMENT. Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Applicable Purchase Agreements.

P.A. No. 1979

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
____ day of _____, 1997:

AMERICAN AIRLINES, INC.

By _____

Its _____

- Attachment A: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment B: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment C: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment D: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment E: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment A-1 to
Letter Agreement 6-1162-AKP-100

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment A-2 to
Letter Agreement 6-1162-AKP-100

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment A-3 to
Letter Agreement 6-1162-AKP-100

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment B to
Letter Agreement 6-1162-AKP-100 (Model 767)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Attachment C to
Letter Agreement 6-1162-AKP-100 (Model 767)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1979

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1979

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Aircraft Performance Guarantees

Reference: Purchase Agreement No. 1979 between The Boeing Company and
American Airlines, Inc. relating to Model 767-323ER Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Aircraft Performance Guarantees.

The only Performance Guarantees applicable to the Aircraft are those set forth in Attachment A hereto. Such Performance Guarantees are exclusive and will expire upon delivery of the Aircraft to Customer.

2. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement

P.A. No. 1979

or any information contained herein to any other person or entity,
except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By

Its Attorney-In-Fact
.....

ACCEPTED AND AGREED TO this

Date:, 1997
.....

AMERICAN AIRLINES, INC.

By

Its
.....

MODEL 767-323ER PERFORMANCE GUARANTEES

SECTION	CONTENTS
1	AIRCRAFT MODEL APPLICABILITY
2	FLIGHT PERFORMANCE
3	SOUND LEVELS
4	MAXIMUM STRUCTURAL PAYLOAD
5	AIRCRAFT CONFIGURATION
6	GUARANTEE CONDITIONS
7	GUARANTEE COMPLIANCE
8	EXCLUSIVE GUARANTEES

1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 767-323ER Aircraft with a maximum takeoff weight of at least 408,000 pounds, a maximum landing weight of 310,000 pounds, a maximum zero fuel weight of 288,000 pounds and a fuel capacity of 24,140 U.S. gallons, and equipped with Boeing furnished CF6-80C2B6 engines.

2 FLIGHT PERFORMANCE

2.1 MISSION

2.1.1 MISSION PAYLOAD

The payload for a stage length of 5,355 nautical miles in still air (equivalent to a distance of 4,620 nautical miles with a 63 knot headwind, representative of a Frankfurt to Dallas / Ft. Worth route) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is 364 feet.

The airport temperature is 42(degree)F.

The runway length is 13,124 feet.

An Aircraft center of gravity location at the most forward center of gravity limit. Maximum takeoff thrust is used for the takeoff. The takeoff gross weight shall conform to FAA Regulations.

Climbout
Maneuver:

Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb:

The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 250 KCAS.

The climb continues at 250 KCAS until 0.80 Mach number is reached.

The climb continues at 0.80 Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise:

The Aircraft cruises at 0.80 Mach number.

The initial cruise altitude is 31,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level. The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is 603 feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out:			
	Fuel	705	Pounds
	Time	0.250	Hours

Takeoff and Climbout Maneuver:

Fuel	1,085	Pounds
Distance	4	Nautical Miles

Approach and Landing Maneuver:

Fuel	400	Pounds
------	-----	--------

Taxi-in (shall be consumed from the reserve fuel):

Fuel	375	Pounds
Time	0.133	Hours

Usable reserve fuel remaining upon completion of the approach and landing maneuver: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.1.2 MISSION BLOCK FUEL

The block fuel for a stage length of 5,355 nautical miles in still air (equivalent to a distance of 4,620 nautical miles with a 63 knot headwind, representative of a Frankfurt to Dallas / Ft. Worth route) with a 43,910 pound payload using the conditions and operating rules defined below, shall not be more than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Conditions and operating rules are the same as Paragraph 2.12.1 except as follows:

Block Fuel: The block fuel is defined as the sum of the fuel used for taxi-out, takeoff and climbout maneuver, climb, cruise, descent, approach and landing maneuver, and taxi-in.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:
Operational Empty Weight, OEW (Paragraph 2.12.4): 205,260 Pounds

Taxi-out:

Fuel	705	Pounds
Time	0.250	Hours

Takeoff and Climbout Maneuver:

Fuel	1,085	Pounds
Distance	4	Nautical Miles

Approach and Landing Maneuver:

Fuel	400	Pounds
------	-----	--------

Taxi-in (shall be consumed from the
reserve fuel):
Fuel 375 Pounds
Time 0.133 Hours

Usable reserve fuel remaining upon completion
of the approach and landing maneuver:
[CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.] Pounds

[CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

2.1.3 OPERATIONAL EMPTY WEIGHT BASIS

The Operational Empty Weight (OEW) derived in Paragraph 2.1.4
is the basis for the mission guarantees of Paragraph 2.1.1.

2.1.4 767-323ER WEIGHT SUMMARY - AMERICAN AIRLINES

	Pounds
Standard Model Specification MEW Configuration Specification D6-T10330 Rev. B dated 14 March 1986	175,200

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

	Quantity	Pounds	Pounds
* Seat Weight Included:			#

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

- - - - -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.1.5 STANDARD AND OPERATIONAL ITEMS ALLOWANCE

	Quantity	Pounds	Pounds	Pounds
Standard Items Allowance				5,195
Unusable Fuel			306	
Oil			140	
Oxygen Equipment			83	
Miscellaneous Equipment			37	
Galley Structure & Fixed Inserts			4,629	
Operational Items Allowance				#
Crew and Crew Baggage			2,105	
Flight Crew	2	340		
Cabin Crew	10	1,500		
Baggage 12	240			
Briefcases	1	25		
Catering Allowance				#
(Includes [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] lb for Duty Free)				
Passenger Service Equipment			860	
Potable Water - 149 Gallons			1,240	
Waste Tank Disinfectant			100	
Emergency Equipment			#	
Cargo System (15 LD-4's)			#	
Total Standard and Operational Items Allowance				#

- - - - -
 # [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

3 MAXIMUM STRUCTURAL PAYLOAD

The maximum structural payload, as represented by the maximum design zero fuel weight minus the OEW (based on the American Airlines weight allowances derived in Paragraph 2.1.4) shall not be less than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

4 SOUND LEVELS

4.1 COMMUNITY SOUND LEVELS

The Aircraft shall be certified in accordance with the Stage 3 requirements of FAR Part 36, essentially equivalent to ICAO Annex 16, Volume 1, Chapter 3.

4.2 INTERIOR SOUND LEVELS IN FLIGHT

The sound level at the head position of a seated pilot or passenger during cruise shall not be more than the following guarantee value:

Overall OASPL -----	Sound	Pressure	Levels
	Pilot's Inboard Ear:	NOMINAL: TOLERANCE: GUARANTEE:	76 dB +3 dB 79 dB
	Passenger Aisle Seats Forward of Station 600	NOMINAL: TOLERANCE: GUARANTEE:	83 dB +3 dB 86 dB
	Passenger Aisle Seats At Station 600 and Aft	NOMINAL: TOLERANCE: GUARANTEE:	88 dB +3 dB 91 dB

Speech SIL ---	Interference	Levels
Pilot's Inboard Ear:	NOMINAL: TOLERANCE: GUARANTEE:	64 dB +3 dB 67 dB
Passenger Aisle Seats Forward of Station 600	NOMINAL: TOLERANCE: GUARANTEE:	65 dB +3 dB 68 dB
Passenger Aisle Seats At Station 600 and Aft	NOMINAL: TOLERANCE: GUARANTEE:	63 dB +3 dB 66 dB

4.3 SOUND LEVELS DURING GROUND OPERATION

The sound level at ramp locations during Aircraft ground operation shall not be more than the following guarantee value:

A-weighted Sound Levels
 dBA

Forward and Aft Cargo Doors	NOMINAL: TOLERANCE: GUARANTEE:	82 dBA +3 dBA 85 dBA
Passenger Entry Doors (left side)	NOMINAL: TOLERANCE: GUARANTEE:	82 dBA +3 dBA 85 dBA
Underwing Fueling Locations	NOMINAL: TOLERANCE: GUARANTEE:	82 dBA +3 dBA 85 dBA

5 AIRCRAFT CONFIGURATION

5.1 The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Revision R7 of Detail Specification D6T10330AAL (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause

changes to the flight performance, sound levels, and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.

5.2 The guarantee payload of Paragraph 2.1.1 and the Maximum Structural Payload guarantee of Section 3 will be adjusted by Boeing for the effect of the following on OEW in its evidence of compliance with the guarantees:

(1) Changes to the Detail Specification including Change Requests, Master Changes, Change Orders or any other changes mutually agreed upon between the Customer and Boeing or otherwise allowed by the Purchase Agreement.

(2) The difference between the component weight allowances given in Appendix IV of the Detail Specification and the actual weights.

6 GUARANTEE CONDITIONS

6.1 All guaranteed performance data are based on the ICAO International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.

6.2 The FAA Regulations (FAR) referred to in this Attachment are, unless otherwise specified, the 767-300 Certification Basis regulations specified in the Type Certificate Data Sheet A1NM, Revision 9, dated June 1, 1992.

6.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraph 6.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification,

the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.

- 6.4 The takeoff portion of the mission guarantees are based on hard surface, level and dry runways with no wind or obstacles, no clearway or stopway, 225 mph tires, with anti-skid operative, and with the Aircraft center of gravity at the most forward limit unless otherwise specified. The takeoff performance is based on no engine bleed for air conditioning or thermal anti-icing and the Auxiliary Power Unit (APU) turned off. Unbalanced field length calculations and the improved climb performance procedure will be used for takeoff as required.
- 6.5 The climb, cruise and descent portions of the mission guarantees include allowances for normal power extraction and engine bleed for normal operation of the air conditioning system. Normal electrical power extraction shall be defined as not less than a 140 kilowatts total electrical load. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of 75(degree)F, and all air conditioning systems operating normally. This operation allows a maximum cabin pressure differential of 8.6 pounds per square inch at higher altitudes, with a nominal Aircraft cabin ventilation rate of 5,700 cubic feet per minute including passenger cabin recirculation (nominal recirculation is 50 percent). The APU is turned off unless otherwise specified.
- 6.6 The climb, cruise and descent portions of the mission guarantees are based on an Aircraft center of gravity location of 25 percent of the mean aerodynamic chord.

- 6.7 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of 18,580 BTU per pound and a fuel density of 6.70 pounds per U.S. gallon.
- 6.8 Sound pressure levels are measured in decibels (dB) referred to the standard reference pressure of 20 micro Pascals. Overall sound pressure level (OASPL) is defined to be the sound pressure level for the frequency range from 45 to 11,200 Hz. Speech interference level (SIL) is defined to be the arithmetic average of sound pressure levels in the three octave bands with center frequencies at 1,000, 2,000 and 4,000 Hz. A-weighted sound level (dBA) is as defined in American National Standards Association S1.4-1983 for the frequency range from 45 to 11,200 Hz.
- 6.9 The guarantee for interior sound levels in flight pertains to normal operation of an Aircraft in cruise during straight and level flight at an altitude of 35,000 feet and 0.80 Mach number. The Aircraft shall have a complete interior installation including standard thermal/acoustic insulation, all lining and partition panels, a full shipset of fabric upholstered seats and floor covering in the passenger cabin. The interior configuration is defined in LOPA 673-490. The procedures used for the measurement of interior sound levels shall be equivalent to those in SAE ARP 1323.
- 6.10 The guarantee for ramp sound levels pertains to a parked Aircraft during in-service turn around with the APU, all environmental control system packs, environmental control system recirculation fans, electronic equipment cooling fans and vent fans operating, and with the main propulsion engines not operating. The guarantees pertain to APU and environmental control system pack operation at an outside ambient temperature of 25(degree)C (77(degree)F). The procedures

used for the measurement of ramp sound levels shall be equivalent to those in SAE ARP 1307.

7 GUARANTEE COMPLIANCE

- 7.1 Compliance with the guarantees of Sections 2, 3, and 4 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 5 and the guarantee conditions of Section 6.
- 7.2 Compliance with the takeoff portion of the mission guarantees and the community sound level guarantees shall be based on the FAA approved Airplane Flight Manual for the Model 767-300.
- 7.3 Compliance with the climb, cruise and descent portions of the mission guarantees shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 7.4 The OEW used for compliance with the mission guarantee and the maximum structural payload guarantee shall be the actual MEW plus the Standard and Operational Items Allowance in Paragraph 3-60-0 of the Detail Specification.
- 7.5 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.
- 7.6 Compliance with the guarantee for interior sound levels in flight shall be demonstrated by Boeing Document D047T309. Compliance with the guarantee for ramp sound levels shall be demonstrated by Boeing Document D047T900. The compliance documentation shall be based on sound level surveys on production 767-300 aircraft acoustically similar to the

Customer's Aircraft. These sound levels shall be adjusted for sound level increases resulting from Buyer Furnished Equipment, Boeing Purchased Equipment and from changes to the Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement.

7.7 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

8 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL

Reference: Purchase Agreement No. 1979 between The Boeing Company and American Airlines, Inc. relating to Model 67-323ER Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

This Letter Agreement cancels and supersedes Letter Agreement 6-1162-APS-1048, dated June 23, 1989, between Boeing and Customer.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

8. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

P.A. No. 1979

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

Attachments

P.A. No. 1979

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1979

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1979

6-1162-AKP-103

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: 767 Miscellaneous Commitments

Reference: Purchase Agreement No. 1979 between The Boeing Company and
American Airlines, Inc. relating to Model 767-323ER Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

3. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

P.A. No.1979

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

6-1162-AKP-104

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Escalation Sharing

Reference: Purchase Agreement No. 1979 between The Boeing Company
and American Airlines, Inc. relating to Model 767-323ER
Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Commitment.

Boeing agrees to share one-half of the Escalation Adjustment to the Airframe Price and the Optional Features Price of each Aircraft which is attributable to each of the years 1997 and 1998, as more fully set forth in this Letter Agreement; provided, however, in no event will Boeing's share of such Escalation Adjustment exceed three percent (3%) for each such year.

All escalation calculations under this Letter Agreement will be made in accordance with the Airframe Escalation Adjustment Document, using actual escalation indices published for the applicable period.

2. Computation of 1997 Escalation Factors.

For purposes of determining the Escalation Sharing Factor ("ESF") applicable to each Aircraft pursuant to Section 4 of this Letter Agreement, a 1997 Unadjusted Escalation Factor and a 1997 Adjusted Escalation Factor will be determined in accordance with Sections 2.1 and 2.2 below.

P.A. No.1979

2.1 1997 Unadjusted Escalation Factor.

The amount determined pursuant to the following formula will be the 1997 Unadjusted Escalation Factor ("UEF(97)"):

$$\text{UEF}(97) = (\text{LM}(97)/\text{LM}(96)) - 1$$

where:

LM(97) = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1997

LM(96) = 1.0507 (which is the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1996)

2.2 1997 Adjusted Escalation Factor.

The amount determined pursuant to the formula set forth in (a) or (b) below, as applicable, will be the 1997 Adjusted Escalation Factor ("AEF(97)"):

a) If the UEF(97) factor determined pursuant to Section 2.1 is greater than six percent (0.06), then the 1997 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(97) = (\text{LM}(97)/\text{LM}(96)) - .03$$

b) If the UEF97 factor determined pursuant to Section 2.1 is less than or equal to six percent (0.06), then the 1997 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF}(97) = (((\text{LM}(97)/\text{LM}(96)) - 1) / 2) + 1$$

3. Computation of 1998 Escalation Factors.

For purposes of determining the ESF applicable to each Aircraft pursuant to Article 4 of this Letter Agreement, a 1998 Unadjusted Escalation Factor and a 1998 Adjusted Escalation Factor will be determined in accordance with Sections 3.1 and 3.2 below.

3.1 1998 Unadjusted Escalation Factor.

The amount determined pursuant to the following formula will be the 1998 Unadjusted Escalation Factor ("UEF98"):

$$\text{UEF98} = (\text{LMn}/\text{LM97}) - 1$$

where:

LMn = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using (i) in the case of an Aircraft delivered in 1998, the Scheduled Delivery Month of the applicable Aircraft, or (ii) in the case of an Aircraft delivered in any year after 1998, a notional delivery month of December 1998

3.2 1998 Adjusted Escalation Factor.

The amount determined pursuant to the formula set forth in (a) or (b) below, as applicable, will be the 1998 Adjusted Escalation Factor ("AEF98"):

a) If the UEF98 factor determined pursuant to Section 3.1 is greater than six percent (0.06), then the 1998 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF98} = (\text{LMn}/\text{LM97}) - .03$$

b) If the UEF98 factor determined pursuant to Section 3.1 is less than or equal to six percent (0.06), then the 1998 Adjusted Escalation Factor will be determined in accordance with the following formula:

$$\text{AEF98} = (((\text{LMn}/\text{LM97}) - 1) / 2) + 1$$

4. Credit Memoranda.

4.1 Aircraft Delivered in 1998.

If applicable, Boeing will issue to Customer a credit memorandum with respect to each Aircraft delivered in 1998. The amount of each credit memorandum will be determined in accordance with the following formula:

$$CM98 = [Po \times LMn] - [Po \times ESF]$$

where:

CM98 = the dollar amount of the credit memorandum provided, however, if as a result of the foregoing formula the CM98 factor is a negative number, then the CM98 factor will be deemed to be zero for all purposes

Po = the Airframe Price and the Optional Features price applicable to the Aircraft

ESF = $(LM96) \times (AEF97) \times (AEF98)$ (such factors being determined pursuant to Sections 2.1, 2.2 and 3.2, respectively)

4.2 Aircraft Delivered in 1999 and thereafter.

Boeing will issue to Customer a credit memorandum with respect to each Aircraft delivered in 1999 and each subsequent year. The amount of each such credit memorandum will be determined in accordance with the following formula:

$$CMesc = CMn \times (LMx/LM98)$$

where:

CMesc = the dollar amount of the credit memorandum

$$CMn = [Po \times LM98] - [Po \times ESF]$$

where:

Po = the Airframe Price and the Optional Features Price applicable to the Aircraft

LM98 = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using a notional delivery month of December 1998

ESF = $(LM96) \times (AEF97) \times (AEF98)$ (such factors being determined pursuant to Sections 2.1, 2.2 and 3.2, respectively)

LMx = the sum of the "L" factor and the "M" factor, in each case computed in accordance with the Airframe Escalation Adjustment Document using the Scheduled Delivery Month of the applicable Aircraft

4.3 Application of Credit Memoranda

Each credit memorandum will be applied in lieu of cash payments by Customer to pay in part the balance of the Aircraft Price due at the time of delivery of the Aircraft with respect to which such credit memorandum was issued.

5. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its _____

6-1162-AKP-105

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

- References:
- (a) Purchase Agreement No. 1979 (PA 1979), dated as of even date herewith, between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to the Model 767-323ER Aircraft described therein (PA 1979 Aircraft)
 - (b) Purchase Agreement No. 1513 dated as of June 23, 1989 (PA 1513) between Boeing and Customer relating to the Model 767-323ER Aircraft described therein (PA 1513 Aircraft)
 - (c) Letter Agreement 6-1162-AKP-017, dated as of May 28, 1997, to PA 1513

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements PA 1979 and PA 1513. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to PA 1979 or in PA 1513 (as appropriate).

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

5. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

P.A. No.1979

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its

Attachment A to
6-1162-AKP-105 Page 1

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1979

6-1162-AKP-106

American Airlines, Inc.
P. O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO
A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1979 between The Boeing Company
and American Airlines, Inc. relating to Model 767-323ER
Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

6. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the applicable Purchase Agreement.

P.A. No. 1979

Very truly yours,
THE BOEING COMPANY

By

Its Attorney-In-Fact
.....

ACCEPTED AND AGREED TO this

Date:, 1997

AMERICAN AIRLINES, INC.

By

Its
.....

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1980 between The Boeing Company and American
Airlines, Inc. relating to Model 777-223IGW Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and
amends and supplements the Purchase Agreement referenced above. All capitalized
terms used herein but not otherwise defined in this Letter Agreement shall have
the same meanings assigned thereto in Exhibit C to the Purchase Agreement or
elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

4. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information
contained in this Letter Agreement are considered by Boeing and Customer as
confidential. Customer and Boeing agree that each will treat this Letter
Agreement and the information contained herein as confidential and will not,
without the prior written consent of the other, disclose this Letter Agreement
or any information contained herein to any other person or entity, except as
provided in this Letter Agreement or the Purchase Agreement.

P.A. No. 1980

Very truly yours,

THE BOEING COMPANY

By

Its Attorney-In-Fact
.....

ACCEPTED AND AGREED TO this

Date:, 1997

AMERICAN AIRLINES, INC.

By

Its
.....

6-1162-AKP-110

American Airlines, Inc.
P.O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1980 between The Boeing Company and American Airlines, Inc. relating to Model 777-223IGW aircraft

This letter agreement ("Letter Agreement") is entered into on the date below, and constitutes a part of the above-referenced Purchase Agreement, as the same may hereafter be amended, modified or supplemented and including, without limitation, as part thereof the exhibits, appendices, schedules, attachments and letter agreements thereto (the "777-223IGW Purchase Agreement").

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

12. CONFIDENTIAL TREATMENT. Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Applicable Purchase Agreements.

P.A. No.1980

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
day of _____, 1997:
- - - - -

AMERICAN AIRLINES, INC.

By _____
Its _____

- Attachment A: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment B: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment C: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment D: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]
- Attachment E: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-1 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-2 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-3 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-4 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-5 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-6 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-7 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-8 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-9 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-10 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT A-11 TO
LETTER AGREEMENT 6-1162-AKP-110

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT B TO
LETTER AGREEMENT 6-1162-AKP-110 (MODEL 777)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

ATTACHMENT C TO
LETTER AGREEMENT 6-1162-AKP-110 (MODEL 777)

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1980

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Aircraft Performance Guarantees

Reference: Purchase Agreement No. 1980 between The Boeing Company and
American Airlines, Inc. relating to Model 777-223IGW Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Aircraft Performance Guarantees.

The only Performance Guarantees applicable to the Aircraft are those set forth in Attachment A hereto. Such Performance Guarantees are exclusive and will expire upon delivery of the Aircraft to Customer.

2. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement

or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By

Its Attorney-In-Fact
.....

ACCEPTED AND AGREED TO this

Date:, 1997
.....

AMERICAN AIRLINES, INC.

By

Its

Attachment

MODEL 777 200 IGW PERFORMANCE GUARANTEES
GE90-90B ENGINES

SECTION	CONTENTS
1	AIRCRAFT MODEL APPLICABILITY
2	FLIGHT PERFORMANCE
3	MANUFACTURER'S EMPTY WEIGHT
4	SOUND LEVELS
5	AIRCRAFT CONFIGURATION
6	GUARANTEE CONDITIONS
7	GUARANTEE COMPLIANCE
8	EXCLUSIVE GUARANTEES

1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 777-200 IGW Aircraft with a maximum takeoff weight of 648,000 pounds, a maximum landing weight of 460,000 pounds, and a maximum zero fuel weight of 430,000 pounds, and equipped with Boeing furnished GE90-90B engines.

2 FLIGHT PERFORMANCE

2.1 TAKEOFF

The FAA approved takeoff field length at a gross weight at the start of the ground roll of 648,000 pounds, at a temperature of 86degreesF, at a sea level altitude, an alternate forward center of gravity limit of 23 percent of the mean aerodynamic chord, and using maximum takeoff thrust, shall not be more than the following guarantee value:

GUARANTEE: 10,800 Feet

2.2 LANDING

The operational landing field length at a gross weight of 460,000 pounds, at a sea level altitude, on a standard day, using an FAA approved flap setting, and satisfying the conditions and operating rules defined below, shall not be more than the following guarantee value:

GUARANTEE: 5,100 Feet

Conditions and operating rules:

The operational landing field length is defined as 115 percent of the horizontal distance from 50 feet altitude to a complete stop.

The approach speed will be VREF+5 KEAS

The air time from 50 feet altitude to main gear touchdown will be 4.56 seconds.

The speed at 50 feet altitude will be defined as the approach speed. The speed at main gear touchdown will be 98.38 percent of the speed at 50 feet altitude. The speed at brake application will be 97.05 percent of the speed at 50 feet altitude.

The time delays from main gear touchdown will be as follows:

Spoiler actuation	1 seconds
Brake application	1 seconds
Reverse thrust selection	2 seconds
Reversers deployed	4 seconds

The runway condition is wet. The wet runway coefficient of friction is defined to be 0.200.

The airplane is in the landing configuration throughout.

Reverse thrust application will be consistent with operating instructions provided by Boeing to the Customer. Reverse thrust operation with these instructions shall not exceed engine operating limitations provided by the engine manufacturer to Boeing.

2.3 MISSION

2.3.1 MISSION PAYLOAD

The payload for a stage length of 6,491 nautical miles in still air (representative of a Dallas / Ft. Worth to Tokyo route) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is 603 feet.
The airport temperature is 95degreesF.
The runway length is 13,400 feet.
An Aircraft center of gravity location of 23 percent of the mean aerodynamic chord.
Maximum takeoff thrust is used for the takeoff.
The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.
The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 311 KCAS.
The climb continues at 311 KCAS until 0.84 Mach number is reached.
The climb continues at 0.84 Mach number to the initial cruise altitude.
The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at 0.84 Mach number.

The initial cruise altitude is 31,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level.

The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is 139 feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out:

Fuel	1,080	Pounds
Time	0.250	Hours

Takeoff and Climbout Maneuver:

Fuel	1,670	Pounds
Distance	4.7	Nautical Miles

Approach and Landing Maneuver:

Fuel	540	Pounds
------	-----	--------

Taxi-in (shall be consumed from the reserve fuel):

Fuel	580	Pounds
Time	0.133	Hours

Usable reserve fuel remaining upon completion of the approach and landing maneuver: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.3.2 MISSION BLOCK FUEL

The block fuel for a stage length of 6,491 nautical miles in still air (representative of a Dallas / Ft. Worth to Tokyo route) with a [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] pound payload using the conditions and operating rules defined below, shall not be more than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Conditions and operating rules are the same as Paragraph 2.3.1 except as follows:

Block Fuel: The block fuel is defined as the sum of the fuel used for taxi-out, takeoff and climbout maneuver, climb, cruise, descent, approach and landing maneuver, and taxi-in.

Takeoff: The airport altitude is 603 feet.

The takeoff gross weight is not limited by the airport conditions.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 310 KCAS.

The climb continues at 310 KCAS until 0.84 Mach number is reached.

Fixed

Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Operational Empty Weight, OEW (Paragraph 2.3.4):
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

Takeoff and Climbout Maneuver:
Fuel 1,650 Pounds
Distance 4.6 Nautical Miles

Usable reserve fuel remaining upon completion of the approach and landing maneuver: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

2.3.3 OPERATIONAL EMPTY WEIGHT basis

The Operational Empty Weight (OEW) derived in Paragraph 2.3.4 is the basis for the mission guarantees of Paragraphs 2.3.1 and 2.3.2.

2.3.4 777-200 IGW WEIGHT SUMMARY - AMERICAN AIRLINES

	Pounds

Standard Model Specification MEW	287,500
Configuration Specification D019W004 Rev. A	
dated 29 February 1996	

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Cargo System			#
Fwd LD-3 Containers	#	#	
Aft LD-3 Containers	#	#	

Total Standard and Operational Items Allowance #

- - - - -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.3.6 AMERICAN AIRLINES LOPA 777-200 IGW ICX-8183

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT.]

3 MANUFACTURER'S EMPTY WEIGHT

3.1 The Manufacturer's Empty Weight (MEW) is guaranteed not to exceed the
value in Section 3-60-00 of Detail Specification D019W004 plus one
percent.

3.2 The maximum structural payload, as represented by the maximum design
zero fuel weight minus the OEW (based on the American Airlines weight
allowances derived in Paragraph 2.3.4) shall not be less than the
following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT.]

P.A. No. 1980

4 SOUND LEVELS

4.1 COMMUNITY SOUND LEVELS

The Aircraft shall be certified in accordance with Stage 3 requirements of FAR Part 36, essentially equivalent to ICAO Annex 16, Volume 1, Chapter 3.

4.2 INTERIOR SOUND LEVELS IN FLIGHT

The sound level at the head position of a seated pilot or passenger during cruise shall not be more than the following guarantee value:

Overall Sound Pressure Levels	OASPL

Pilot's Inboard Ear	NOMINAL:	77 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	80 dB

Passenger Aisle Seats Forward of Station 620	NOMINAL:	82 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	85 dB

Passenger Aisle Seats At Station 804 and Aft to Station 1250	NOMINAL:	86 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	89 dB

Passenger Aisle Seats At Station 1300 and Aft	NOMINAL:	89 dB
	TOLERANCE:	+2 dB
	GUARANTEE:	91 dB

Speech Interference Levels	SIL

Pilot's Inboard Ear	NOMINAL:	64 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	67 dB

Passenger Aisle Seats	NOMINAL:	64 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	67 dB

4.3 RAMP SOUND LEVELS

The sound level at ramp locations during aircraft ground operation shall not be more than the following guarantee value:

A-weighted Sound Levels		dBa

Forward and Aft Cargo Doors	NOMINAL:	81 dBA
	TOLERANCE:	+2 dBA
	GUARANTEE:	83 dBA
Passenger Entry Doors (left side)	NOMINAL:	77 dBA
	TOLERANCE:	+2 dBA
	GUARANTEE:	79 dBA
Underwing Fueling Locations	NOMINAL:	78 dBA
	TOLERANCE:	+2 dBA
	GUARANTEE:	80 dBA
20-meter perimeter (with APU Exhaust Muffler 4900CG7003)	NOMINAL:	86 dBA
	TOLERANCE:	+2 dBA
	GUARANTEE:	88 dBA

5 AIRCRAFT CONFIGURATION

5.1 The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Revision A of Detail Specification D019W004 (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause changes to the flight performance, sound levels, and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.

5.2 The guarantee payload of Paragraph 2.3.1 and the Maximum Structural Payload guarantee of Paragraph 3.2 will be adjusted by Boeing for the effect of the following on OEW and the Manufacturer's Empty Weight guarantee of Paragraph 3.1 will be adjusted by Boeing for the following in its evidence of compliance with the guarantees:

(1) Changes to the Detail Specification including Change Requests, Master Changes, Change Orders or any other changes mutually agreed upon between the Customer and Boeing or otherwise allowed by the Purchase Agreement.

(2) The difference between the component weight allowances given in Appendix IV of the Detail Specification and the actual weights.

6 GUARANTEE CONDITIONS

- 6.1 All guaranteed performance data are based on the ICAO International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.
- 6.2 The FAA Regulations (FAR) referred to in this Attachment are, unless otherwise specified, the 777-200 Certification Basis regulations specified in the Type Certificate Data Sheet T-00001SE, Revision 4, dated April 18, 1996.
- 6.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraph 6.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.
- 6.4 The takeoff and landing guarantees, and the takeoff portion of the mission guarantees are based on hard surface, level and dry runways with no wind or obstacles, no clearway or stopway, 235 mph tires, with anti-skid operative, and with the Aircraft center of gravity at the most forward limit unless otherwise specified. The takeoff performance is based on no engine bleed for air conditioning or thermal anti-icing and the Auxiliary Power Unit (APU) turned off. The improved climb performance procedure will be used for takeoff as required. The landing performance is based on the use of automatic spoilers.
- 6.5 The climb, cruise and descent portions of the mission guarantees include allowances for normal power extraction and engine bleed for normal

operation of the air conditioning system. Normal electrical power extraction shall be defined as not less than a 212 kilowatts total electrical load. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of 75degreesF, and all air conditioning systems operating normally. This operation allows a maximum cabin pressure differential of 8.6 pounds per square inch at higher altitudes, with a nominal Aircraft cabin ventilation rate of 7,600 cubic feet per minute including passenger cabin recirculation (nominal recirculation is 50 percent). The APU is turned off unless otherwise specified.

- 6.6 The climb, cruise and descent portions of the mission guarantees are based on an Aircraft center of gravity location, as determined by Boeing, not to be aft of 30 percent of the mean aerodynamic chord.
- 6.7 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of 18,580 BTU per pound and a fuel density of 6.70 pounds per U.S. gallon.
- 6.8 Sound pressure levels are measured in decibels (dB) referred to the standard reference pressure of 20 micro Pascals. Overall sound pressure level (OASPL) is defined to be the sound pressure level for the frequency range from 45 to 11,200 Hz. Speech interference level (SIL) is defined to be the arithmetic average of sound pressure levels in the three octave bands with center frequencies at 1,000, 2,000 and 4,000 Hz. A-weighted sound level (dBA) is as defined in American National Standards Association S1.4-1983 for the frequency range from 45 to 11,200 Hz.
- 6.9 The guarantee for interior sound levels in flight pertains to normal operation of an Aircraft in cruise during straight and level flight at an altitude of 35,000 feet at 0.84 Mach number. All BFE galley inserts and inflight entertainment systems with associated cooling equipment, if any, will be turned off. The Aircraft shall have a

complete interior installation including standard thermal/acoustic insulation, all lining and partition panels, a full ship set of fabric upholstered seats and floor covering in the passenger cabin and flight deck consisting of a carpet. The interior configuration is defined in LOPA ICX-8183. The procedures used for the measurement of interior sound levels shall be equivalent to those in SAE ARP 1323.

- 6.10 The guarantee for ramp sound levels pertains to a parked Aircraft during in service turn around with the APU, all environmental control system packs, environmental control system recirculation fans, electronic equipment cooling fans and vent fans operating, and with the main propulsion engines not operating. The guarantee for ramp sound levels on the 20-meter perimeter pertains to sound levels measured on a rectangular perimeter 20 meters on either side of the Aircraft centerline, 20 meters forward of the nose of the fuselage and 20 meters aft of the tail of the fuselage. The aircraft configuration must include the APU exhaust muffler (4900CG7003). The procedures used for the measurement of ramp sound levels shall be equivalent to those in SAE ARP 1307.

7 GUARANTEE COMPLIANCE

- 7.1 Compliance with the guarantees of Sections 2, 3 and 4 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 5 and the guarantee conditions of Section 6.
- 7.2 Compliance with the takeoff guarantee, the takeoff portion of the mission guarantees, and the community sound level guarantees shall be based on the FAA approved Airplane Flight Manual for the Model 777-200IGW except that the takeoff weight used to show compliance with Paragraphs 2.1, 2.3.1, and 2.3.2 may exceed the takeoff weight limit appearing on the Weight Limitations page in the FAA approved Airplane Flight Manual for the Model 777-200IGW in which case such guarantee

compliance shall not be construed as authorizing operation at such a weight.

- 7.3 Compliance with the distance portion of the landing guarantee shall be established by calculations of segment performance based on flight and ground test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 7.4 Compliance with the ground roll reverser retarding force portion of the landing guarantee shall be established by calculations of segment performance based on flight and ground test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 7.5 Compliance with the climb, cruise and descent portions of the mission guarantees shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 7.6 Compliance with the takeoff guarantee and the takeoff portion of the mission guarantee shall not be contingent upon acceptance of a Change Request, Master Change, Change Order, or other changes to allow operation at an alternate forward center of gravity limit.
- 7.7 The OEW used for compliance with the mission guarantees and the maximum structural payload guarantee shall be the actual MEW plus the Standard and Operational Items Allowance in Paragraph 3-60-00 of the Detail Specification.
- 7.8 Compliance with the Manufacturer's Empty Weight guarantee shall be based on information in the "Weight and Balance Control and Loading Manual - Aircraft Report."
- 7.9 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.

7.10 Compliance with the guarantees for interior sound levels in flight and ramp sound levels during ground operation shall be demonstrated by reports based on a sound level survey on the Customer's Aircraft, a production 777-200 aircraft, or on another aircraft acoustically similar to the Customer's Aircraft, whichever is available as determined by Boeing. Compliance will be based on sound level measurements from a representative number of seats. These sound levels shall be adjusted for sound level increases resulting from Buyer Furnished Equipment, Boeing Purchased Equipment, and from changes to the Configuration Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement. Compliance with the guarantee for ramp sound levels shall be demonstrated by Boeing Document D047W211.

7.11 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

8 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

MODEL 777-200 IGW PERFORMANCE GUARANTEES TRENT 892 ENGINES

SECTION	CONTENTS
1	AIRCRAFT MODEL APPLICABILITY
2	FLIGHT PERFORMANCE
3	MANUFACTURER'S EMPTY WEIGHT
4	SOUND LEVELS
5	AIRCRAFT CONFIGURATION
6	GUARANTEE CONDITIONS
7	GUARANTEE COMPLIANCE
8	EXCLUSIVE GUARANTEES

1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 777- 200 IGW Aircraft with a maximum takeoff weight of at least 648,000 pounds, a maximum landing weight of 460,000 pounds, and a maximum zero fuel weight of 430,000 pounds, and equipped with Boeing furnished Trent 892 engines.

2 FLIGHT PERFORMANCE

2.1 TAKEOFF

The FAA approved takeoff field length at a gross weight at the start of the ground roll of 648,000 pounds, at a temperature of 86 degrees F, at a sea level altitude, an alternate forward center of gravity limit of 23 percent of the mean aerodynamic chord and using maximum takeoff thrust, shall not be more than the following guarantee value:

GUARANTEE: 10,500 Feet

2.2 LANDING

The operational landing field length at a gross weight of 460,000 pounds, at a sea level altitude, on a standard day, using an FAA approved flap setting, and satisfying the conditions and operating rules defined below, shall not be more than the following guarantee value:

GUARANTEE: 5,100 Feet

Conditions and operating rules:

The operational landing field length is defined as 115 percent of the horizontal distance from 50 feet altitude to a complete stop.

The approach speed will be VREF+5 KEAS

The air time from 50 feet altitude to main gear touchdown will be 4.56 seconds.

The speed at 50 feet altitude will be defined as the approach speed. The speed at main gear touchdown will be 98.38 percent of the speed at 50 feet altitude. The speed at brake application will be 97.05 percent of the speed at 50 feet altitude.

The time delays from main gear touchdown will be as follows:

Spoiler actuation	1 seconds
Brake application	1 seconds
Reverse thrust selection	2 seconds
Reversers deployed	4 seconds

The runway condition is wet. The wet runway coefficient of friction is defined to be 0.200.

The airplane is in the landing configuration throughout.

Reverse thrust application will be consistent with operating instructions provided by Boeing to the Customer. Reverse thrust operation with these instructions shall not exceed engine operating limitations provided by the engine manufacturer to Boeing.

2.3 MISSION

2.3.1 MISSION PAYLOAD

The payload for a stage length of 6,491 nautical miles in still air (representative of a Dallas / Ft. Worth to Tokyo route) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Conditions and operating rules:

Stage
Length: The stage length is defined as the sum of the distances for the climbout maneuver, climb, cruise, and descent.

Takeoff: The airport altitude is 603 feet.

The airport temperature is 95 degrees F.

The runway length is 13,400 feet.

An Aircraft center of gravity location of 23 percent of the mean aerodynamic chord.

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout
Maneuver: Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 316 KCAS.

The climb continues at 316 KCAS until 0.84 Mach number is reached.

The climb continues at 0.84 Mach number to the initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at 0.84 Mach number.

The initial cruise altitude is 31,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level.

The temperature is standard day during descent.

Approach
and Landing
Maneuver:

The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is 139 feet.

Fixed
Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out:

Fuel 900 Pounds
Time 0.250 Hours

Takeoff and Climbout Maneuver:

Fuel 1,925 Pounds
Distance 4.8 Nautical Miles

Approach and Landing Maneuver:

Fuel 560 Pounds

Taxi-in (shall be consumed from the reserve fuel):

Fuel 480 Pounds
Time 0.133 Hours

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

2.3.2 MISSION BLOCK FUEL

The block fuel for a stage length of 6,491 nautical miles in still air (representative of a Dallas / Ft. Worth to Tokyo route) with a [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] pound payload using the conditions and operating rules defined below, shall not be more than the following guarantee value:

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

Conditions and operating rules are the same as Paragraph 2.3.1 except as follows:

Block Fuel: The block fuel is defined as the sum of the fuel used for taxi-out, takeoff and climbout maneuver, climb, cruise, descent, approach and landing maneuver, and taxi-in.

Takeoff: The airport altitude is 603 feet.

The takeoff gross weight is not limited by the airport conditions.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Operational Empty Weight, OEW (Paragraph 2.3.4):
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

Takeoff and Climbout Maneuver:
Fuel 1,900 Pounds
Distance 4.6 Nautical Miles

Usable reserve fuel remaining upon completion of the approach and landing maneuver: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] Pounds

2.3.3 OPERATIONAL EMPTY WEIGHT BASIS

The Operational Empty Weight (OEW) derived in Paragraph 2.3.4 is the basis for the mission guarantees of Paragraphs 2.3.1 and 2.3.2.

2.3.4 777-200 IGW WEIGHT SUMMARY - AMERICAN AIRLINES

Pounds

Standard Model Specification MEW 280,300
Configuration Specification D019W004 Rev. A
dated 29 February 1996

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

Miscellaneous Equipment			72
First Aid Kits	4		12
Crash Axe	1		3
Megaphones	2		7
Flashlights	13		18
Fire Gloves	1		1
Smoke Goggles	4		1
Smoke Hoods	6		30
Galley Structure & Fixed Inserts			6,435

Operational Items Allowance #

Crew and Crew Baggage			2,030
Flight Crew	2	430	
Cabin Crew	10	1,600	
Catering Allowance (2.5 meals)			#
First Class	#	#	
Business Class	#	#	
Economy Class	#	#	
Passenger Service Equipment			1,956
Potable Water - 172 Gallons			1,434
Waste Tank Disinfectant			150
Emergency Equipment			1,980
Slide Rafts	8	1,512	
#	#	#	
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]			
Locator Transmitter	2	7	
Cargo System			#
Fwd LD-3 Containers	#	#	
Aft LD-3 Containers	#	#	

Total Standard and Operational Items Allowance #

- - - - -

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2.3.6 AMERICAN AIRLINES LOPA 777-200 IGW ICX-8183

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT.]

3 MANUFACTURER'S EMPTY WEIGHT

- 3.1 The Manufacturer's Empty Weight (MEW) is guaranteed not to exceed the value in Section 3-60-00 of Detail Specification D019W004 plus one percent.
- 3.2 The maximum structural payload, as represented by the maximum design zero fuel weight minus the OEW (based on the American Airlines weight allowances derived in Paragraph 2.3.4) shall not be less than the following guarantee value:

NOMINAL: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
TOLERANCE: SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
GUARANTEE: CONFIDENTIAL TREATMENT.]

4 SOUND LEVELS

4.1 COMMUNITY SOUND LEVELS

The Aircraft shall be certified in accordance with Stage 3 requirements of FAR Part 36, essentially equivalent to ICAO Annex 16, Volume 1, Chapter 3.

4.2 INTERIOR SOUND LEVELS IN FLIGHT

The sound level at the head position of a seated pilot or passenger during cruise shall not be more than the following guarantee value:

Overall Sound Pressure Levels		OASPL

Pilot's Inboard Ear	NOMINAL:	77 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	80 dB
Passenger Aisle Seats Forward of Station 620	NOMINAL:	82 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	85 dB
Passenger Aisle Seats At Station 804 and Aft to Station 1250	NOMINAL:	86 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	89 dB

Passenger Aisle Seats	NOMINAL:	92 dB
At Station 1300 and Aft	TOLERANCE:	+2 dB
	GUARANTEE:	94 dB

Speech Interference Levels
SIL

Pilot's Inboard Ear	NOMINAL:	64 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	67 dB

Passenger Aisle Seats	NOMINAL:	64 dB
	TOLERANCE:	+3 dB
	GUARANTEE:	67 dB

4.3 RAMP SOUND LEVELS

The sound level at ramp locations during aircraft ground operation shall not be more than the following guarantee value:

A-weighted Sound Levels
dBA

Forward and Aft Cargo Doors	NOMINAL:	81 dBA
	TOLERANCE:	+2 dBA
	GUARANTEE:	83 dBA

Passenger Entry Doors (left side)	NOMINAL:	77 dBA
	TOLERANCE:	+2 dBA
	GUARANTEE:	79 dBA

Underwing Fueling	NOMINAL:	78	dB
Locations	TOLERANCE:	+2	dB
	GUARANTEE:	80	dB
20-meter perimeter	NOMINAL:	86	dB
(with APU Exhaust	TOLERANCE:	+2	dB
Muffler 4900CG7003)	GUARANTEE:	88	dB

5 AIRCRAFT CONFIGURATION

5.1 The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Revision A of Detail Specification D019W004 (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause changes to the flight performance, sound levels, and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.

5.2 The guarantee payload of Paragraph 2.3.1 and the Maximum Structural Payload guarantee of Paragraph 3.2 will be adjusted by Boeing for the effect of the following on OEW and the Manufacturer's Empty Weight guarantee of Paragraph 3.1 will be adjusted by Boeing for the following in its evidence of compliance with the guarantees:

(1) Changes to the Detail Specification including Change Requests, Master Changes, Change Orders or any other changes mutually agreed upon between the Customer and Boeing or otherwise allowed by the Purchase Agreement.

(2) The difference between the component weight allowances given in Appendix IV of the Detail Specification and the actual weights.

6 GUARANTEE CONDITIONS

6.1 All guaranteed performance data are based on the ICAO International Standard Atmosphere (ISA) and

specified variations therefrom; altitudes are pressure altitudes.

- 6.2 The FAA Regulations (FAR) referred to in this Attachment are, unless otherwise specified, the 777-200 Certification Basis regulations specified in the Type Certificate Data Sheet T-00001SE, Revision 4, dated April 18, 1996.
- 6.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraph 6.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.
- 6.4 The takeoff and landing guarantees, and the takeoff portion of the mission guarantees are based on hard surface, level and dry runways with no wind or obstacles, no clearway or stopway, 235 mph tires, with anti-skid operative, and with the Aircraft center of gravity at the most forward limit unless otherwise specified. The takeoff performance is based on no engine bleed for air conditioning or thermal anti-icing and the Auxiliary Power Unit (APU) turned off. The improved climb performance procedure will be used for takeoff as required. The landing performance is based on the use of automatic spoilers.
- 6.5 The climb, cruise and descent portions of the mission guarantees include allowances for normal power extraction and engine bleed for normal operation of the air conditioning system. Normal electrical power extraction shall be defined as not less than a 212 kilowatts total electrical load. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of 75 degrees F, and all air conditioning systems operating normally. This

operation allows a maximum cabin pressure differential of 8.6 pounds per square inch at higher altitudes, with a nominal Aircraft cabin ventilation rate of 7,600 cubic feet per minute including passenger cabin recirculation (nominal recirculation is 50 percent). The APU is turned off unless otherwise specified.

- 6.6 The climb, cruise and descent portions of the mission guarantees are based on an Aircraft center of gravity location, as determined by Boeing, not to be aft of 30 percent of the mean aerodynamic chord.
- 6.7 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of 18,580 BTU per pound and a fuel density of 6.70 pounds per U.S. gallon.
- 6.8 Sound pressure levels are measured in decibels (dB) referred to the standard reference pressure of 20 micro Pascals. Overall sound pressure level (OASPL) is defined to be the sound pressure level for the frequency range from 45 to 11,200 Hz. Speech interference level (SIL) is defined to be the arithmetic average of sound pressure levels in the three octave bands with center frequencies at 1,000, 2,000 and 4,000 Hz. A-weighted sound level (dBA) is as defined in American National Standards Association S1.4-1983 for the frequency range from 45 to 11,200 Hz.
- 6.9 The guarantee for interior sound levels in flight pertains to normal operation of an Aircraft in cruise during straight and level flight at an altitude of 35,000 feet at 0.84 Mach number. All BFE galley inserts and inflight entertainment systems with associated cooling equipment, if any, will be turned off. The Aircraft shall have a complete interior installation including standard thermal/acoustic insulation, all lining and partition panels, a full ship set of fabric upholstered seats and floor covering in the passenger cabin and flight deck consisting of a carpet. The interior configuration is defined in LOPA ICX-8183. The procedures used for the measurement of interior sound levels shall be equivalent to those in SAE ARP 1323.

6.10 The guarantee for ramp sound levels pertains to a parked Aircraft during in service turn around with the APU, all environmental control system packs, environmental control system recirculation fans, electronic equipment cooling fans and vent fans operating, and with the main propulsion engines not operating. The guarantee for ramp sound levels on the 20-meter perimeter pertains to sound levels measured on a rectangular perimeter 20 meters on either side of the Aircraft centerline, 20 meters forward of the nose of the fuselage and 20 meters aft of the tail of the fuselage. The aircraft configuration must include the APU exhaust muffler (4900CG7003). The procedures used for the measurement of ramp sound levels shall be equivalent to those in SAE ARP 1307.

7 GUARANTEE COMPLIANCE

7.1 Compliance with the guarantees of Sections 2, 3 and 4 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 5 and the guarantee conditions of Section 6.

7.2 Compliance with the takeoff guarantee, the takeoff portion of the mission guarantees, and the community sound level guarantees shall be based on the FAA approved Airplane Flight Manual for the Model 777-200IGW except that the takeoff weight used to show compliance with Paragraphs 2.1, 2.3.1, and 2.3.2 may exceed the takeoff weight limit appearing on the Weight Limitations page in the FAA approved Airplane Flight Manual for the Model 777-200IGW in which case such guarantee compliance shall not be construed as authorizing operation at such a weight.

7.3 Compliance with the distance portion of the landing guarantee shall be established by calculations of segment performance based on flight and ground test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.

- 7.4 Compliance with the ground roll reverser retarding force portion of the landing guarantee shall be established by calculations of segment performance based on flight and ground test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 7.5 Compliance with the climb, cruise and descent portions of the mission guarantees shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 7.6 Compliance with the takeoff guarantee and the takeoff portion of the mission guarantee shall not be contingent upon acceptance of a Change Request, Master Change, Change Order, or other changes to allow operation at an alternate forward center of gravity limit.
- 7.7 The OEW used for compliance with the mission guarantees and the maximum structural payload guarantee shall be the actual MEW plus the Standard and Operational Items Allowance in Paragraph 3-60-00 of the Detail Specification.
- 7.8 Compliance with the Manufacturer's Empty Weight guarantee shall be based on information in the "Weight and Balance Control and Loading Manual - Aircraft Report."
- 7.9 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.
- 7.10 Compliance with the guarantees for interior sound levels in flight and ramp sound levels during ground operation shall be demonstrated by reports based on a sound level survey on the Customer's Aircraft, a production 777-200 aircraft, or on another aircraft acoustically similar to the Customer's Aircraft, whichever is available as determined by Boeing. Compliance will be based on sound level measurements from a representative

number of seats. These sound levels shall be adjusted for sound level increases resulting from Buyer Furnished Equipment, Boeing Purchased Equipment, and from changes to the Configuration Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement. Compliance with the guarantee for ramp sound levels shall be demonstrated by Boeing Document D047W211.

7.11 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

8 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO
A REQUEST FOR CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1980 between The Boeing Company
and American Airlines, Inc. relating to Model
777-223IGW Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

8. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

Attachments

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1980

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1980

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: 777 Miscellaneous Commitments

Reference: Purchase Agreement No. 1980 between The Boeing Company and
American Airlines, Inc. relating to Model 777-223IGW Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

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Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its _____

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Installation of Cabin Systems Equipment

Reference: Purchase Agreement No. 1980 between The Boeing Company and American Airlines, Inc. relating to Model 777-223IGW Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

Customer desires Boeing to install in the Aircraft the inflight entertainment and cabin communications systems (IFE/CCS) described in Attachment A to this Letter Agreement.

Because of the complexity of the IFE/CCS, special attention and additional resources will be required during the development, integration, certification, and manufacture of the Aircraft to achieve proper operation of the IFE/CCS at the time of delivery of the Aircraft. To assist Customer, Boeing will perform the functions of project manager (the Project Manager) as set forth in Attachment B.

1. Responsibilities.

1.1 Customer's responsibilities:

1.1.1 Provide Customer's IFE/CCS system requirements to Boeing;

1.1.2 Select the IFE/CCS suppliers (Vendors) from among those suppliers identified in the Change Requests listed in Attachment A to this Letter Agreement (Customer has selected such Vendors as of the date of this Letter Agreement);

P.A. No. 1980

1.1.3 Promptly after selecting Vendors, participate with Boeing in meetings with Vendors to ensure that Vendor's functional system specifications meet Customer's and Boeing's respective requirements;

1.1.4 Select Vendor part numbers and provide such part numbers to Boeing by as soon as reasonably possible following Vendor selection (Customer has selected such part numbers as of the date of this Letter Agreement);

1.1.5 Negotiate and obtain agreements on product assurance, product support following Aircraft delivery (including spares support), and any other terms desirable to Customer in its own discretion directly with Vendors;

1.1.6 Provide pricing information for part numbers selected above to Boeing by a mutually selected date;

1.1.7 Negotiate and obtain agreements with any required service providers; and

1.1.8 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] to include in Customer's contract with any seat supplier a condition obligating such seat supplier to enter into and comply with a Boeing approved bonded stores agreement. This bonded stores agreement (in form and substance reasonably satisfactory to Boeing) will set forth the procedures concerning the use, handling and storage for the Boeing owned IFE/CCS equipment during the time such equipment is under the seat supplier's control.

1.2 Boeing will in a timely manner:

1.2.1 Responsibly perform the functions of Project Manager in accordance with the terms of this Letter Agreement and Attachment B;

1.2.2 Provide Aircraft interface requirements to Vendors as specified in Boeing Document D6-36440, "Standard Cabin Systems Requirements Document" (SCSRD) and as specified in Section 3.A of Attachment B;

1.2.3 Assist Vendors in the development of their IFE/CCS system specifications and approve such specifications;

1.2.4 Negotiate terms and conditions (except for price, product assurance, product support following Aircraft delivery and any other terms desirable to Customer in its own discretion) and enter into contracts with Vendors and manage such contracts for the IFE/CCS;

1.2.5 Coordinate the resolution of technical issues with Vendors;

1.2.6 Ensure that at time of Aircraft delivery the IFE/CCS configuration and functionality meets the requirements of the Detail Specification including all Change Requests contained in Attachment A to this Letter Agreement as such Attachment A may be amended from time to time;

1.2.7 Prior to or at delivery of the applicable Aircraft, obtain FAA certification of the Aircraft with the IFE/CCS installed therein, including the Systems Software identified in Section 2.1 of this Letter Agreement; and

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

2. Software.

IFE/CCS systems may contain software of the following two types:

2.1 The software required to operate and certify the IFE/CCS systems on the Aircraft is the Systems Software and it is considered a part of the IFE/CCS for purposes of this Letter Agreement.

2.2 The software accessible to the Aircraft passengers and cabin crews which controls Customer's specified optional features is Customer's Software and it is not a part of the IFE/CCS for purposes of this Letter Agreement.

2.2.1 Customer is solely responsible for specifying Customer's Software functional and performance requirements and ensuring that Customer's Software meets such requirements. Customer and Customer's Software supplier will have total responsibility for the writing, certification, modification, revision, or correction of any of Customer's Software. Boeing will not perform the functions and obligations described in Section 1.2 above, nor the Project Manager's functions described in Attachment B, for Customer's Software.

2.2.2 The omission of any Customer's Software or the lack of any functionality of Customer's Software will not be a valid condition for Customer's rejection of the Aircraft at the time of Aircraft delivery.

2.2.3 Boeing has no obligation to approve any documentation to support Customer's Software certification. Notwithstanding the preceding sentence, Boeing will, however, only review and operate Customer's Software if in Boeing's reasonable opinion such review and operation is necessary to certify the IFE/CCS system on the Aircraft.

2.2.4 Boeing will not be responsible for obtaining FAA certification for Customer's Software.

3. Changes.

3.1 After Boeing and Vendor have entered into a contract for the purchase of the IFE/CCS, changes to such contract may only be made by Boeing; provided, however, that such changes will be made with the prior consent of Customer. Notwithstanding the foregoing, Customer may request changes at any time. Any such Customer request for changes to the IFE/CCS specification after the Boeing/Vendor contract has been signed must be made in writing directly to Boeing. Boeing shall respond to such request by Customer in a timely manner. If such change is technically feasible and Boeing has the resources and time to incorporate such change, then Boeing shall negotiate with the Vendor to incorporate such change into the contract for the IFE/CCS. Any Vendor price increase resulting from such a change will be negotiated between Customer and Vendor.

3.2 Boeing and Customer recognize that the developmental nature of the IFE/CCS may require changes to the IFE/CCS or the Aircraft in order to ensure (i) compatibility of the IFE/CCS with the Aircraft and all other Aircraft systems, and (ii) FAA certification of the Aircraft with the IFE/CCS installed therein. In such event Boeing will notify Customer and recommend to Customer the most practical means for incorporating any such change. If within 15 days (or such longer period of time as may be mutually agreed in writing) after such notification Customer and Boeing through negotiations cannot mutually agree on the incorporation of any such change or alternate course of action, then the remedies available to Boeing in Section 5 shall apply.

3.3 The incorporation into the Aircraft of any mutually agreed change to the IFE/CCS may result in Boeing adjusting the price of the Change Request contained in Attachment A to this Letter Agreement.

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3.5 Boeing's obligation to obtain FAA certification of the Aircraft with the IFE/CCS installed is limited to the IFE/CCS as described in Attachment A, as Attachment A may be amended from time to time.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

4. Exhibits B and C to the AGTA.

IFE/CCS is deemed to be BFE for the purposes of the Product Assurance Document and the Customer Support Document.

5. Remedies.

5.1 If Customer does not comply with any of its material obligations set forth herein, Boeing will provide to Customer written notice of such non-compliance and in the event Customer has not cured such non-compliance by the date of compliance (which shall be a reasonable period of time in Boeing's reasonable judgment) provided in such notice, then Boeing may:

5.1.1 to the extent that such delay is attributable to such non-compliance, take the following steps:

5.1.1.1 delay delivery of the Aircraft pursuant to the provisions of Article 7, "Excusable Delay", of the AGTA; or

5.1.1.2 deliver the Aircraft without part or all of the IFE/CCS installed, or with part or all of the IFE/CCS inoperative (notwithstanding the provisions of Section 3.1 of the AGTA and even though such IFE/CCS is required in order to obtain certification of such Aircraft in accordance with such provisions), in either event Boeing shall be relieved of all obligations to install or certify such IFE/CCS; and

5.1.2 also increase the Aircraft Price by the amount of Boeing's additional costs to the extent attributable to such noncompliance (except such cost increase shall not include any such costs Boeing has recovered from any Vendors involved), provided, however, Boeing will use best reasonable efforts to mitigate such costs. Notwithstanding the preceding sentence, Boeing has no obligation to recover costs from Vendors.

P.A. No. 1980

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

6. Advance Payments.

6.1 An estimated price for the IFE/CCS purchased by Boeing will be included in the Aircraft Advance Payment Base Price to establish the Advance Payments for each Aircraft.

6.2 The Aircraft Price will include the actual IFE/CCS prices and any associated transportation costs charged Boeing by Vendors.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

8. Customer's Indemnification of Boeing.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

9. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its _____

Attachments

P.A. No. 1980

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. No. 1980

ATTACHMENT B
PROJECT MANAGER

This Attachment B describes the functions that Boeing will perform as Project Manager to support (i) the development and integration of the IFE/CCS and (ii) the FAA certification of the IFE/CCS when installed on the Aircraft.

1. Project Management.

Boeing will perform the following functions for the IFE/CCS. Boeing will have authority to make day-to-day management decisions, and decisions on technical details which in Boeing's reasonable opinion do not significantly affect form, fit, function, cost or aesthetics. Boeing will be responsible for:

- A. Managing the development of all program schedules;
- B. Evaluating and approving Vendor's program management and developmental plans;
- C. Defining program metrics and status requirements;
- D. Scheduling and conducting (including notifying Customer of) (i) program status reviews and (ii) meetings to discuss any changes, at intervals mutually agreed to by Boeing and Customer. Customer will have the right to attend such status meetings between Boeing and Vendor regarding the Aircraft;
- E. Scheduling and conducting design and schedule reviews with Customer and Vendors;
- F. Monitoring compliance with schedules;
- G. Evaluating and approving any recovery plans or plan revisions which may be required of either Vendors or Customer;
- H. Leading the development of a joint IFE/CCS project management plan (the Program Plan) and;
- I. Managing the joint development of the System Specification.

2. System Integration.

Boeing's performance as Project Manager will include the functions of systems integrator (Systems Integrator). As Systems Integrator Boeing will perform the following functions:

- A. As required, assist Vendors in defining their system specifications for the IFE/CCS, approve such specifications and develop an overall system functional specification;
- B. Coordinate Boeing, Customer and Vendor teams to ensure sufficient Vendor and Vendor sub system testing and an overall cabin system acceptance test are included in the Program Plan; and
- C. Organize and conduct technical coordination meetings with Customer and Vendors to review responsibilities, functionality, Aircraft installation requirements and overall program schedule, direction and progress.

3. Seat Integration.

- A. Boeing will coordinate the interface requirements between seat suppliers and Vendors. Interface requirements are defined in Boeing Document Nos. D6-36230, "Passenger Seat Design and Installation"; D6-36238, "Passenger Seat Structural Design and Interface Criteria"; D222W232, "Seat Wiring and Control Requirements"; and D222W013-4, "Seat Assembly Functional Test Plan".
- B. The Vendors will be required to coordinate integration testing and provide seat assembly functional test procedures for seat electronic parts to seat suppliers and Boeing, as determined by Boeing.
- C. The Vendors will assist the seat suppliers in the preparation of seat assembly functional test plans.

6-1162-AKP-115

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Component and System Reliability Commitments

Reference: Purchase Agreement No. 1980 between The Boeing Company and
American Airlines, Inc. relating to Model 777-223IGW Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Component Reliability Mean Time Between Unscheduled Removal (MTBUR) and Mean Time Between Failure (MTBF) Program For Specified Components Manufactured To Boeing's Detailed Design.

1.1 Scope.

1.1.1 Program Term.

The Component Reliability MTBUR and MTBF Program as set forth herein (the Program) will be, with respect to each Specified Component (as hereinafter defined), in effect for a term of five (5) consecutive years after delivery of the first Model 777 aircraft by Boeing to any customer in which the first of each such Specified Component is installed (the Program Term). Except as otherwise provided herein, all provisions of the Program and Boeing's obligations hereunder will terminate, with respect to each Specified Component, at the end of the last day of the Program Term applicable to each such Component.

1.1.2 Covered Aircraft.

The Program will apply to any Specified Component installed in any Aircraft operated by Customer (the Covered Aircraft) during the Program Term.

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1.2 Definitions.

For purposes of the Program, the following definitions

will apply:

1.2.1 "BITE" means Built-In-Test Equipment.

1.2.2 "Chargeable Unscheduled Removal" for any Specified Component means the removal of such Component from a Covered Aircraft during any Reporting Period or Special Reporting Period for such Component due to a known or suspected malfunction or defect, including a removal made in response to BITE. However, the unscheduled removal of a Specified Component will not constitute a Chargeable Unscheduled Removal in any of the following events:

(a) The removal of the Specified Component is caused by any operation, service or maintenance of such Component, the Covered Aircraft or a system in which such Component is installed which is not in accordance with Boeing's applicable written instructions, unless Customer can establish that such operation, service or maintenance is in accordance with recognized standards for commercial air carriers;

(b) The removal is for maintenance convenience;

(c) The removal is for purposes of condition analysis, other than any removals that are determined to be otherwise covered by this Letter Agreement;

(d) The removal is due to a cause which is incidental to or a consequence of a failure of another part;

(e) Prior to such removal, a remedy for the cause for such removal has been offered to Customer in writing by Boeing and Customer has not accomplished such remedy within the time period set forth in Section 1.6.1 herein; or

(f) The removal is caused by Customer's failure to repair or replace all faulty component parts of the Specified Component when performing service or maintenance on such Component.

1.2.3 "Customer's Fleet" or "Fleet" means all Covered Aircraft operated by Customer during any Reporting Period or Special Reporting Period.

1.2.4 "Fleet Achieved MTBF" or "Fleet Achieved MTBUR" for any Specified Component during any Reporting Period or Special Reporting Period for such Component is the value obtained by use of the following formula:

$$\begin{array}{l} \text{Fleet Achieved MTBF} \\ \text{or} \\ \text{Fleet Achieved MTBUR} \end{array} = \frac{\text{Fleet Component Hours}}{\text{Fleet Verified Failures or Fleet Unscheduled Removals, respectively}}$$

1.2.5 "Fleet Component Hours" for any Specified Component are the total Fleet flying hours (Covered Aircraft takeoff to touchdown) during any Reporting Period or Special Reporting Period for such Component multiplied by the number of such Components per Covered Aircraft.

1.2.6 "Fleet Verified Failures" or "Fleet Unscheduled Removals" for any Specified Component are the total number of Verified Failures or Chargeable Unscheduled Removals, respectively, of such Component experienced by a Fleet during any Reporting Period or Special Reporting Period for such Component.

1.2.7 "MTBF Deficiency" or "MTBUR Deficiency" for any Specified Component occurs when, for any Reporting Period for such Component, four (4) or more Verified Failures or four (4) or more Chargeable Unscheduled Removals are experienced and the Fleet Achieved MTBF or Fleet Achieved MTBUR for such Reporting Period is less than the "Target Critical Value" with respect to such Component, as determined by the procedure in Section 1.7 herein.

1.2.8 "Special MTBF Deficiency" or "Special MTBUR Deficiency" for any Specified Component occurs when, for any Special Reporting Period for such Component, three (3) or more Verified Failures or Chargeable Unscheduled Removals are experienced and Fleet Achieved MTBF or Fleet Achieved MTBUR for such Component during such Special Reporting Period does not exceed 50% percent of the MTBF or MTBUR Target for such Component.

1.2.9 "MTBUR Target" or "MTBF Target" for any Specified Component will be the applicable value specified for such Component in Section 1.9 herein.

1.2.10 "Reporting Period" for each Specified Component in a Fleet will be the number of consecutive months, including the month immediately preceding the month of any report furnished by Customer hereunder, during which at least four (4) Verified Failures or Chargeable Unscheduled Removals have occurred. The initial Reporting Period will commence on the first

day of the first full calendar month following the date Customer's first Covered Aircraft is delivered.

1.2.11 "Special Reporting Period" for each Specified Component in a Fleet will be the number of consecutive months, including the month immediately preceding the month of any report furnished by Customer hereunder, wherein (i) at least three (3) Verified Failures or Chargeable Unscheduled Removals of such Component occur and (ii) no more than three (3) Covered Aircraft are operated by Customer during such period.

1.2.12 "Specified Component" or "Component" means any part identified in Section 1.9 herein or any later configurations thereof installed on a Covered Aircraft or sold by Boeing to Customer as a spare part during the Program Term.

1.2.13 "Turnaround-Time" for each Specified Component during any Reporting Period or Special Reporting Period is the average time in calendar days consumed in the receiving, inspection, test, repair, modification, replacement, packaging and shipping preparation necessary to confirm or restore the serviceability of all such Components experiencing a Chargeable Unscheduled Removal or Verified Failure which are removed and processed during such Reporting Period or Special Reporting Period. Specific Turnaround-Time periods are defined as follows:

(a) For Specified Components processed by Boeing, the Turnaround-Time will start on the date on which both the Component and Customer's return order or claim pertaining to such Component have been received by Boeing and will end on the date the serviceable or replacement Component is shipped by Boeing to Customer (which shall be fifteen (15) calendar days), plus a maximum of five (5) days transportation time for return shipment from Boeing to Customer. Boeing will use the most expeditious method of transportation, including air shipment, to the maximum extent practicable.

(b) For Specified Components processed by Customer, the average Turnaround-Time will not exceed a period beginning with the date of removal of the Specified Component and ending fifteen (15) calendar days after such date, unless a longer period is (i) justified due to a delay by Boeing in providing parts required to repair or modify such Specified Components or (ii) established by agreement between Boeing and Customer.

1.2.14 "Verified Failure" for any Specified Component means an unscheduled removal of such Component from a Fleet during any Reporting Period or Special Reporting Period due to a failure in such Component where such failure is the primary cause for removal and is subsequently confirmed by Boeing's approved shop test, investigative processes, inspection findings or

BITE failure confirmation records. However, the unscheduled removal of a Specified Component due to a failure of such Component will not constitute a "Verified Failure" in any of the following events:

(a) The failure of such Specified Component is caused by any operation, service or maintenance of such Component, the Covered Aircraft or a system in which such Component is installed which is not in accordance with Boeing's applicable written instructions, unless Customer can establish that such operation, service, maintenance or overhaul is in accordance with recognized standards for commercial air carriers;

(b) The failure of the Specified Component is due to a cause which is incidental to or a consequence of a failure of another part;

(c) Prior to such failure a remedy for such failure has been offered to Customer and Customer has not accomplished such remedy within the time period set forth in Section 1.6.1 herein; or

(d) The failure is caused by Customer's failure to repair or replace all faulty or discrepant component parts of the Specified Component when performing service or maintenance on such Component.

1.3 Remedies.

1.3.1 If Customer notifies Boeing within one hundred twenty (120) days after completion of the most recent Reporting Period or Special Reporting Period with respect to any Specified Component that an MTBUR Deficiency or an MTBF Deficiency exists or that a Special MTBUR Deficiency or Special MTBF Deficiency for such Specified Component for such Period exists; then Boeing will:

(a) Upon Customer's request, promptly provide technical assistance and recommendations to Customer of the type and extent which Boeing determines in its reasonable opinion is appropriate for correcting such Deficiency;

(b) Promptly investigate the circumstances and possible causes of any such Deficiency, and, if such investigation indicates a design review is appropriate, promptly initiate a review of the design of such Component and, if redesign is practicable, promptly redesign such Component. If such redesign requires modification of deficient Specified Components, Boeing will promptly either (i) modify such deficient Components at no charge to Customer or (ii) provide retrofit kits required to accomplish such modification at no-charge to Customer and reimburse Customer for the direct labor costs to incorporate such retrofit kits. Boeing's reimbursement amount will not exceed

Boeing's reasonable estimate of the labor hours required therefor by Customer, using the warranty labor reimbursement agreement then in effect between Boeing and Customer; and

(c) Upon Customer's request, promptly provide to Customer on a no-charge loan basis the quantity of additional spare Specified Components, or component systems thereof, determined by the formula set forth in Section 1.8 herein. Such spare Specified Component(s) will be in a new or used-serviceable condition.

1.3.2 Upon receipt of each subsequent monthly report submitted by Customer pursuant to Section 1.5.2 herein, Boeing will monitor the Fleet Achieved MTBUR and/or Fleet Achieved MTBF with respect to the deficient Specified Component and, depending on the reliability performance of such Component, either (i) if a Deficiency continues to exist, and at Customer's request, promptly furnish any additional spare Component(s) available to Customer under the terms of the Program or (ii) if a Deficiency no longer exists and subject to separate agreement between Customer and Boeing, Boeing will:

(a) sell such loaned spare Component(s) to Customer as additional follow-on spare parts, and/or

(b) arrange for the incorporation of such loaned spare Component(s) in one or more of Customer's follow-on Aircraft.

If Customer and Boeing cannot reach agreement on either alternative 1.3.2(a) or 1.3.2(b) above, Customer will be responsible for the return promptly after notice from Boeing to Customer of such failure to agree to Boeing of any spare Component(s) loaned hereunder.

1.4 Extended Remedies.

Notwithstanding the expiration of the Program Term for any Specified Component, if an MTBUR Deficiency, Special MTBUR Deficiency, MTBF Deficiency or Special MTBF Deficiency exists with regard to such Specified Component on such expiration date, and Customer notifies Boeing of such Deficiency within one hundred twenty (120) days after such date, Boeing will either:

1.4.1 Extend the Program for such Specified Component until such Deficiency is corrected, in which case the provisions of Section 1.3 herein will remain in full force and effect with respect to such Specified Component, or

1.4.2 Negotiate in good faith with Customer to reach a mutually agreeable settlement regarding such Deficiency.

1.5. Administrative Requirements.

1.5.1 If no MTBUR Deficiency, Special MTBUR Deficiency, MTBF Deficiency or Special MTBF Deficiency exists with respect to a Specified Component for any Reporting Period, or, if applicable, Special Reporting Period, no reports need be filed. If a Deficiency is being claimed, the reports identified in Section 1.5.2 below covering the Reporting Period or Special Reporting Period during which such Deficiency occurred will accompany such claim.

1.5.2 After such a Deficiency has been claimed or when any remedies, as set forth in Section 1.3 herein, are being provided to Customer, Customer will provide monthly reports to Boeing. Such reports will include the calculation of the Fleet Achieved MTBUR or Fleet Achieved MTBF for the most recently completed Reporting Period or, if applicable, Special Reporting Period (which will include the same number of months in the Reporting Period or Special Reporting Period initially selected by Customer pursuant to Section 1.2.10 or 1.2.11 herein for the Specified Component involved) and will be submitted to Boeing within thirty (30) days after the last day of each successive month.

1.5.3 Upon request, Customer will submit to Boeing adequate proof that any removal of a Specified Component for a reason claimed by Customer to constitute a Chargeable Unscheduled Removal or Verified Failure does in fact constitute such Removal or such Failure. Customer will afford Boeing a reasonable opportunity to investigate the cause of any claimed Deficiency and will provide such additional information as is reasonably necessary to monitor the Program or to investigate any claimed Deficiency. Customer records supporting such reports and any additional pertinent information related thereto will be maintained for a minimum of one (1) year after submittal of the report or related information. All such records and any other data in Customer's possession reasonably required for the proper administration of the Program will, upon request, be made available at Customer's facilities for examination by Boeing.

1.5.4 All reports submitted to Boeing will be addressed to the attention of Boeing's Product Assurance Regional Manager at Renton, Washington.

1.6. Conditions and Limitations.

1.6.1 If, to improve the Fleet Achieved MTBUR or Fleet Achieved MTBF for a Specified Component, Boeing provides service bulletins,

service letters or other written instructions (instructions) or offers no-charge retrofit kits (kits) pertaining to such Component, Customer will accomplish such instructions or install such kits within a period of three hundred sixty-five (365) days after availability of such instructions or kits at Customer's facility or such longer period as may be established by mutual agreement between Boeing and Customer in their reasonable discretion. In the event that Customer requests in writing an extension beyond three hundred sixty-five (365) days, Boeing will not unreasonably withhold its agreement to such an extension. If Customer does not accomplish the instructions or install the kits within the time periods indicated, all removals of Specified Components affected by such instructions or kits which occur after expiration of such time periods and prior to accomplishment by Customer of such instructions or kits on all affected Specified Components in Customer's possession will be excluded from the calculations which determine whether or not remedies are available under the Program.

1.6.2 The Program is not a warranty or an agreement to modify any Specified Component to conform to new developments in the state of design or manufacturing art. Boeing's sole obligations under the Program and Customer's sole remedy and relief for all matters arising under or by virtue of the Program will be as set forth herein. This Section 1 and the rights and remedies of Customer and obligations of Boeing herein are subject to the disclaimer and release and Exclusion of Consequential and Other Damages provisions of Part 2 of Exhibit C to the AGTA. Notwithstanding the preceding sentence this shall not impede or waive Customer's rights under the Product Assurance Document.

1.7 Determination of Target Critical Values for MTBUR and MTBF Targets.

1.7.1 Definitions.

R = number of Fleet Unscheduled Removals (for MTBUR) or Fleet Verified Failures (for MTBF) during Reporting Period.

M = applicable MTBUR Target or MTBF Target for the Specified Component (as set forth in Section 1.9 herein).

C = Critical Value Multiplier (determined using the table below) which corresponds to the value of "R" as defined above. (Interpolation is to be used for values not shown in the table below.)

1.7.2 Target Critical Value Calculation.

The Target Critical Value (used to determine if an MTBUR Deficiency or an MTBF Deficiency exists) for any Specified Component will be calculated as follows:

Target Critical Value = CM

1.7.3 Table of Critical Value Multipliers.

R	C	R	C
4	.436	18	.712
5	.486	19	.719
6	.525	20	.726
7	.556	25	.754
8	.582	30	.776
9	.604	40	.803
10	.622	50	.824
11	.638	75	.855
12	.652	100	.874
13	.665	200	.911
14	.677	300	.926
15	.687	400	.935
16	.697	500	.943
17	.704	1000	.946
or more			

Note: The table values are derived from the chi-square confidence limits for the exponential distribution. Each critical value multiplier is the reciprocal of a 90% one-sided upper confidence limit.

1.8 Additional Spare Specified Components Formula.

1.8.1 Definitions.

- M = applicable MTBUR or MTBF Target for the Specified Component
- m = Fleet Achieved MTBUR or MTBF
- N = total number of installed Specified Components, i.e., number of Covered Aircraft operated during the Reporting Period or, if applicable, Special Reporting Period times the number of such Specified Components installed per Covered Aircraft

T = Turnaround-Time (in calendar days)
 u = Average daily utilization (total actual Fleet flying hours, takeoff to touchdown, divided by total number of Fleet in-service calendar days) during the latest Reporting Period or, if applicable, Special Reporting Period

The quantity of spare Specified Components (Q) to be offered pursuant to Section 1.3.1(c) is:

$$Q = \frac{(T)(u)(N)(M-m)}{(Mm)}$$

1.8.2 If Q is less than 1, then Customer will be entitled to one (1) spare Specified Component. Any value of Q greater than 1 will be rounded to the nearest whole number.

1.9 Specified Components.

Part Number	Part Name	Qty. Per A/C	MTBUR Target	MTBF Target
285W0019-101	Card, ECS Miscellaneous	2	25,000	50,000
285W0114-1	Radio Tuning Panel	3	13,500	15,000
285W0013-1	Entertainment Multi-Plexer/Controller	1	50,000	77,000
285W0027-1	Zone Mgt. Unit	3	15,000	47,000
285W0025-1	Speaker Drive Mod.	32	75,000	103,000
285W0029-1	Ovhd. Elec. Unit	102	146,000	240,000
285W0012-1	Cabin Area Control Panel	3	16,000	25,000
285W0011-1	Cabin System Control Panel	1	6,000	24,000

285W0035-1	Seat Elec. Unit	135	131,000	170,500
285W0034-1	Cabin System Mgt. Unit	1	23,000	48,000
285W0024	Cabin Attnds. Handset	10	108,000	120,000
285W0026-1	Pass. Address Cabin Interphone Controller	1	8,000	16,000
285W0037-101	Card File Power Supply	1	7,800	13,000
285W0038-101	Card File Power Supply	1	7,800	13,000
285W0020-101	Card File ARINC Signal Gateway Card	4	15,000	25,000
285W0212-1	OPAS OPCF Card File LRU	2	409,500	455,000

1.9 Specified Components. (continued)

Part Number	Part Name	Qty. Per A/C	MTBUR Target	MTBF Target
285W0259-1	Ovhd. Panel ARINC 629 S-PDCU LRU	2	103,000	120,000
285W0218-1	Ovhd. Panel ARINC 629 S-OPIC Card	4	71,000	120,000
285W0219-1	Ovhd. Panel ARINC 629 S-OPBC LRU	2	24,300	27,000
285W0023-1	Flap Slat Elec. Unit (FSEU)	2	5,000	15,000
285W0015-101	Warning Elec. Unit (WEU)	2	11,500	15,000
285W0017-101	WLG Card, Hyd. Ind. Module	4	25,000	60,000

Note: The above listing may be subject to change based on the ongoing design of the Aircraft systems in which the Specified Components will

be incorporated. Should change occur, a final listing will be furnished Customer prior to delivery of the first Aircraft.

2. Supplier Component Reliability And System Reliability Commitments.

2.1 Supplier Commitments.

Boeing will use diligent efforts to obtain component reliability commitments and, for fault tolerant systems, system reliability commitments, enforceable by Customer, from suppliers of certain systems, accessories, equipment and parts which are selected and purchased by Boeing but which are not manufactured to Boeing's detailed design and which will be installed in the Aircraft at time of delivery (Supplier Commitments). Such Supplier Commitments will be based on the supplier's contractual targets for Mean Time Between Unscheduled Removals (MTBUR), Mean Time Between Failures (MTBF) and, for fault tolerant systems, Mean Time between Maintenance Memos (MTMM) or Mean Time between Status Messages (MTSM). Boeing will furnish copies of such Supplier Commitments to Customer in Boeing Document No. D6-56115, "Supplier Product Support and Product Assurance Document - All Boeing Model Airplanes," prior to delivery of the first Aircraft by Boeing to Customer.

2.2 Boeing Support of Supplier MTBUR/MTBF and MTBMA Commitments.

Customer will be responsible for submitting any reliability reports directly to suppliers, however if any supplier defaults in the performance of any material obligation with respect to the Supplier Commitments obtained by Boeing pursuant to Section 2.1 above, then the terms and conditions set forth in Section 1 of this Letter Agreement will apply with respect to the supplier component involved, as if such component was a "Specified Component" (as defined in Section 1.2.12 of such Section 1) provided by Boeing, except that:

2.2.1 Customer will, within three (3) months after the occurrence of such default, submit to Boeing's Product Assurance Regional Manager at Renton, Washington, reasonable proof that such default has occurred.

2.2.2 The MTBUR and MTBF target values used will be the target values specified in the Supplier Commitments obtained by Boeing as described in Section 2.1 above.

2.2.3 Boeing will have the right to assign any or all of its applicable obligations and liabilities with respect to Section 1 to any supplier that Boeing may select, provided that Boeing will remain obligated, pursuant to

this Section 2.2, to such applicable Section 1 provisions in the event of any further default by any such supplier.

2.2.4 Reliability will be measured in terms of MTMM or MTSM wherein the Maintenance Memo or Status Message, as applicable, is provided to the Aircraft's on-board maintenance system when internal components of the specified system have failed, but at least one additional and like failure would be required before Aircraft dispatch integrity requirements could no longer be met.

2.2.5 Reliability deficiencies would be based on an excessive level of Maintenance Memos or Status Messages wherefor removal of the specified system from the Aircraft would not be a requirement.

2.2.6 Remedies for such deficiencies would apply to the affected fleet of 777 aircraft as well as the Aircraft.

2.2.7 To support such fleet-wide remedies, all operators of 777 aircraft will be strongly encouraged to provide reliability data on a monthly basis whether or not they are claiming an MTMM or MTSM reliability deficiency.

At Boeing's request, Customer will assign to Boeing, and Boeing will be subrogated to, any of Customer's rights against such supplier as Boeing may reasonably require to permit Boeing to seek remedies from such supplier comparable to those provided by Boeing to Customer pursuant to such Section 1.

3. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

6-1162-AKP-116

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Price Adjustment on Rolls-Royce Engines

Reference: Purchase Agreement No. 1980 between The Boeing Company
and American Airlines, Inc. relating to Model
777-223IGW Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. It is understood by the parties that the Aircraft Basic Price of each Aircraft includes an aggregate Engine Price for two (2) Rolls-Royce Model RB211-Trent-892 Engines of Twenty-Four Million Two Hundred Seventy-Two Thousand One Hundred Ten Dollars (\$24,272,110). Such price may be adjusted by Rolls-Royce to reflect any change incorporated in such Engines in order to satisfy any new rules or regulations, or changes or amendments to the existing rules or regulations, issued by the FAA, or other applicable U.S. Federal Agency, after July 26, 1995 (Engine Modification).

2. Within 20 working days subsequent to the execution of the Purchase Agreement, Boeing will place a purchase order with Rolls-Royce for the Engines to be installed on the Aircraft. Notwithstanding other terms of this Letter Agreement, the Engine Price adjustment specified in Section 1 shall not apply to any Engines for which the scheduled delivery date to Boeing is less than twenty-four (24) months after the later of (i) the date of such purchase order between Boeing and Rolls-Royce or (ii) the date of Rolls-Royce notification to Boeing of such Engine Price adjustment.

3. The parties therefore agree that notwithstanding the provisions of Article 3 of the AGTA, if any Engine Modification is incorporated by Rolls-Royce on Engines installed on any of the Aircraft (other than Engines subject to Section 2 hereof): (i) Boeing will adjust the Aircraft Price of any such Aircraft by the amount that Rolls-Royce adjusts the Engine Price, as provided in Section 1 above; (ii) if any Engine Modification requires any change, modification

P.A. No. 1980

or alteration to the Aircraft on which such Engines are installed (Aircraft Modification), the cost of accomplishing the Aircraft Modification will be added to the Aircraft Price of such Aircraft; (iii) notwithstanding the provisions of Article 7 of the AGTA, the time of delivery of such Aircraft will be extended to the extent of any delay attributable to any such Engine Modification or Aircraft Modification and said delay will be deemed an Excusable Delay under the provisions of the Purchase Agreement; and (iv) Boeing will, if necessary, revise the Detail Specification as required to reflect the effects of any Engine Modification or Aircraft Modification.

4. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement Nos. 1977, 1978, 1979 and 1980 (collectively,
the Purchase Agreements) between The Boeing Company and American
Airlines, Inc. relating to Model 737-823, 757-223, 767-323ER and
777-223IGW aircraft, respectively

This letter agreement (Letter Agreement) is entered into on the date below and
amends and supplements the Purchase Agreements referenced above. All capitalized
terms used herein but not otherwise defined in this Letter Agreement shall have
the same meanings assigned thereto in Exhibit C to the applicable Purchase
Agreement or elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

P.A. Nos. 1977, 1978, 1979 and 1980

Very truly yours,
THE BOEING COMPANY

By _____
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this
Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____
Its _____

American Airlines, Inc.
P. O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.]

Reference: Purchase Agreement No. 1980 between The Boeing Company and
American Airlines, Inc. relating to Model 777-223IGW Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and
amends and supplements the Purchase Agreement referenced above. All capitalized
terms used herein but not otherwise defined in this Letter Agreement shall have
the same meanings assigned thereto in Exhibit C to the Purchase Agreement or
elsewhere in such Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

6. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial
information contained in this Letter Agreement are considered by Boeing and
Customer as confidential. Customer and Boeing agree that each will treat this
Letter Agreement and the information contained herein as confidential and will
not, without the prior written consent of the other, disclose this Letter
Agreement or any information contained herein to any other person or entity,
except as provided in this Letter Agreement or in the applicable Purchase
Agreement.

P.A. No. 1980

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 1997

AMERICAN AIRLINES, INC.

By _____

Its

BOMBARDIER REGIONAL AIRCRAFT DIVISION

PURCHASE AGREEMENT

BETWEEN

BOMBARDIER INC.

AND

AMR EAGLE HOLDING CORPORATION

Relating to the Purchase of Twenty-Five (25) Firm and Twenty-Five (25) Option
Canadair Regional Jet, Series 700, aircraft
Including related Customer Support Services

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Buyer _____ BRAD _____

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Initials

Buyer _____ BRAD _____

This Agreement is made as of the 31st day of January, 1998

BY AND BETWEEN: BOMBARDIER INC., a Canadian corporation represented by its BOMBARDIER REGIONAL AIRCRAFT DIVISION, having an office at 123 Garratt Boulevard, Downsview, Ontario, Canada.
("BRAD")

AND: AMR Eagle Holding Corporation, a Delaware corporation having an office at 4333 Amon Carter Blvd., Fort Worth, Texas, U.S.A., 76155.
("Buyer")

WHEREAS Bombardier Inc., through its Canadair Manufacturing Division, is engaged in the manufacture of the Canadair Regional Jet aircraft products; and

WHEREAS Buyer desires to purchase, pursuant to the terms hereof, twenty-five (25) Firm Aircraft (as later defined) and to take options to purchase twenty-five (25) Option Aircraft (as later defined) and to purchase and to take option to purchase related data, documents, and services under this Agreement (as later defined), and BRAD desires to sell, pursuant to the terms hereof, such Aircraft, data, documents and services to Buyer;

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Buyer and BRAD agree as follows:

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Initials

Buyer _____ BRAD _____

ARTICLE 1 - INTERPRETATION

- 1.1 The recitals above have been inserted for convenience only and do not form part of the Agreement.
- 1.2 The headings and captions in this Agreement are included for convenience only and shall not be used in the construction and interpretation of this Agreement.
- 1.3 In this Agreement, unless otherwise expressly provided, the singular includes the plural and vice-versa.
- 1.4 In this Agreement the following expressions shall, unless otherwise expressly provided, mean:
 - (a) "Acceptance Period" shall have the meaning attributed to it in Article 4.4.2;
 - (b) "Acceptance Date" shall have the meaning attributed to it in Article 4.5.1 (a);
 - (c) "Actual Delivery" shall have the meaning attributed to it in Article 4.5.1 (d);
 - (d) "Actual Delivery Date(s)" shall have the meaning attributed to it in Article 4.5.1(d);
 - (e) "Additional BFE" shall have the meaning attributed to it in Article 12.3;
 - (f) "Agreement" means this Agreement, including its Schedules, Annexes, Appendices and Letter Agreements, attached hereto (each of which is incorporated in the Agreement by this reference), as they may be amended pursuant to the provisions of the Agreement;
 - (g) "Aircraft" shall have the meaning attributed to it in Article 2.4;
 - (h) "Aircraft Acceptance Guide" shall have the meaning attributed to it in Article 4.4.3;
 - (i) "Applicable BFE" shall have the meaning attributed to it in Article 12.4;
 - (j) "Basic Aircraft Price" shall have the meaning attributed to it in Article 8.1;
 - (k) "BIE" shall have the meaning attributed to it in Article 12.3;
 - (l) "Bill of Sale" shall have the meaning attributed to it in Article 4.5.1 (c);

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Initials

Buyer _____ BRAD _____

- (m) "BFE" shall have the meaning attributed to it in Article 12.2;
- (n) "business day" shall mean any day other than a Saturday, Sunday or other day on which banking institutions in Fort Worth, Texas; New York City, New York; or Montreal, Quebec are required by applicable law, rule or regulation to be closed;
- (o) "Buyer Selected Optional Features" shall have the meaning attributed to it in Article 2.1;
- (p) "Certificate of Acceptance" shall have the meaning attributed to it in Article 4.5.1(a);
- (q) "Certification" shall have the meaning attributed to it in Article 2.2;
- (r) "Change Order" shall have the meaning attributed to it in Article 15.1;
- (s) "Competent Authorities" shall have the meaning attributed to it in Article 26.1 and includes any succeeding department or agency then responsible for the duties of said Competent Authority;
- (t) "day" shall mean a calendar day;
- (u) "Delivery Schedule" shall have the meaning attributed to it in Article 4.1.1;
- (v) "Delivery Week" shall have the meaning attributed to it in Article 4.2.1;
- (w) "Discrepancy Letter" shall have the meaning attributed to it in Article 4.4.6;
- (x) "Economic Adjustment Formula" shall have the meaning attributed to it in Article 8.2;
- (y) "Engines" shall have the meaning attributed to it in Article 2.5;
- (z) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (aa) "FAA" shall have the meaning attributed to it in Article 6.1;
- (ab) "FAA Bill of Sale" shall have the meaning attributed to it in Article 4.5.1(c);
- (ac) "Firm Aircraft" shall have the meaning attributed to it in Article 2.1;
- (ad) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Initials

Buyer _____ BRAD _____

- (ae) "GE" shall have the meaning attributed to it in Article 2.5;
- (af) "Interest Rate" shall have the meaning attributed in Article 7.2;
- (ag) "Notice" shall have the meaning attributed to it in Article 37.1;
- (ah) "Other Patents" shall have the meaning attributed to it in Article 17.1;
- (ai) "Option Aircraft" shall have the meaning attributed to it in Article 2.3;
- (aj) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (ak) "Party" shall mean Buyer or BRAD, individually or collectively;
- (al) "Permitted Change" shall have the meaning attributed to it in Article 15.2;
- (am) "Prime Rate" shall have the meaning attributed to it in Article 7.2;
- (an) "Purchase Price" shall have the meaning attributed to it in Article 8.3;
- (ao) "Readiness Date" shall have the meaning attributed to it in Article 4.2.1. (c);
- (ap) "Regulatory Change" shall have the meaning attributed to it in Article 13.2;
- (aq) "Scheduled Delivery Quarter" shall have the meaning attributed to it in Article 4.1.2; (ar) "Scheduled Delivery Month" shall have the meaning attributed to it in Article 4.1.2.;
- (as) "Scheduled Delivery Week" shall have the meaning attributed to it in Article 4.2.1.(b);
- (at) "Specification" shall have the meaning attributed to it in Article 2.1;
- (au) "Standard BFE" shall have the meaning attributed to it in Article 12.3;
- (av) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (aw) "TC" shall have the meaning attributed to it in Article 6.1.

1.5 All dollar amounts in this Agreement are in United States Dollars.

Initials

Buyer _____ BRAD _____

ARTICLE 2 - SUBJECT MATTER OF SALE

- 2.1 Subject to the provisions of this Agreement, BRAD will sell and Buyer will purchase Twenty-Five (25) Canadair Regional Jet aircraft model CL600-2C10 Series 701 aircraft, certificated to seventy (70) passenger seats and manufactured pursuant to specification no. RAD-670-111 issue NC dated October 1997, attached hereto as Schedule A, as that specification may be modified from time to time in accordance with this Agreement (as so modified, the "Specification"), which Specification includes the Buyer selected optional features ("Buyer Selected Optional Features") set forth in Schedule B hereto, (individually or collectively, the "Firm Aircraft").
- 2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- 2.3 Subject to the provisions of this Agreement, including Article 8 and Letter Agreements Nos. 2, 3, and 4, Buyer shall have the right to purchase an additional Twenty-Five (25) Canadair Regional Jet aircraft model CL600-2C10 Series 701 aircraft, certificated to seventy (70) passenger seats and manufactured pursuant to the Specification (individually or collectively, the "Option Aircraft").
- 2.4 Unless the context requires otherwise, the Firm Aircraft and the Option Aircraft are referred to herein, individually and collectively, as the "Aircraft".
- 2.5 The Aircraft will be delivered with two (2) General Electric Company ("GE") CF34-8C1 jet engines (the "Engines"). BRAD acknowledges that the Engines have been selected in accordance with the specifications and requirements of GE Specification Model E2299, dated November 1997, as may be amended by GE. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- 2.6 BRAD acknowledges that the Aircraft purchased by Buyer is the Canadair Regional Jet Model CL600-2C10 Series 701 aircraft to be certificated at a seventy (70) passenger seat configuration. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- 2.7 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 3 - CUSTOMER SUPPORT SERVICES AND WARRANTY

- 3.1 BRAD shall provide to Buyer the customer support services described in Schedule C attached hereto.

Initials

Buyer _____ BRAD _____

3.2 BRAD shall provide to Buyer the warranty and the service life policy described in Schedule D attached hereto.

3.3 Unless expressly stated otherwise, the services referred to in Articles 3.1 and 3.2 above are incidental to the sale of the Aircraft and are included in the Purchase Price.

ARTICLE 4 - DELIVERY

4.1 Schedule

4.1.1. The Firm Aircraft and the Option Aircraft will be offered for acceptance and delivery pursuant to the Aircraft delivery schedule set forth in Schedule E.1 and Schedule E.2 (subject, in the case of Option Aircraft, to being advanced pursuant to Letter Agreement No. 2) respectively, (individually or collectively, "Schedule E" or the "Delivery Schedule"), provided, however, Buyer shall be under no obligation to purchase any of the Option Aircraft unless Buyer exercises its options pursuant to Letter Agreement No. 2 to this Agreement.

4.1.2 The Delivery Schedule is expressed in calendar quarters (such quarter for an Aircraft being its "Scheduled Delivery Quarter") and the Parties shall agree on the month of delivery for each Aircraft (the "Scheduled Delivery Month") [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]. The Scheduled Delivery Month shall be within the Scheduled Delivery Quarter for the applicable Aircraft.

4.2 Delivery Notices

4.2.1 BRAD shall give Buyer notice, by facsimile or telegraphic communication or other expeditious means, of the date of readiness of each Aircraft for inspection and acceptance by Buyer as follows:

- (a) commencing on [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] the Parties shall agree on the period of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] that may start on any day of the week (a "Delivery Week") targeted for offer for acceptance of each Aircraft for the next [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] BRAD shall use reasonable efforts to meet this tentative Delivery Week, but shall not be bound by such tentative Delivery Week;
- (b) BRAD will give notice of no less than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE

Initials

Buyer _____ BRAD _____

COMMISSION] prior to the first day of the relevant Aircraft's Scheduled Delivery Month, confirming the Delivery Week on which the Aircraft will be available for delivery and inspection (the "Scheduled Delivery Week") which shall commence within the Scheduled Delivery Month; and

- (c) BRAD will give notice of no less than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the date on which the Aircraft will be ready for the commencement of Buyer's ground and flight inspection and acceptance (the "Readiness Date"), which Readiness Date shall in all cases be within the Scheduled Delivery Week and the Scheduled Delivery Month.

4.3 Location

Each Aircraft will be delivered free and clear of all liens, claims, charges, and encumbrances of any nature whatsoever except those created by or through Buyer at BRAD's facility in Montreal, Quebec, Canada.

4.4 Acceptance

4.4.1 At delivery, each Aircraft (a) will conform to the Specification, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] and (b) shall not have any defects.

4.4.2 Buyer shall have [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] commencing on the later of the Readiness Date or the date the Aircraft is actually made available to Buyer for ground inspection and acceptance flight, in which to complete the ground inspection and acceptance flight [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] being the "Acceptance Period"). Until BRAD makes available to Buyer the manuals and logbooks required for the inspection of the Aircraft, BRAD will be deemed not to have made the Aircraft available to Buyer for ground inspection and acceptance flight.

4.4.3 Up to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] may participate in Buyer's ground inspection of the Aircraft of which [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] may participate in the acceptance flight. BRAD shall, if requested by Buyer, perform an acceptance flight of not less than one (1) hour and not more than three (3) hours duration. BRAD shall pay all of the costs related to such acceptance flight excluding any costs related to or associated with the participation of Buyer's personnel in such flights. Ground inspection and the acceptance flight shall be conducted in accordance with a mutually acceptable aircraft

Initials

Buyer _____ BRAD _____

acceptance guide (the "Aircraft Acceptance Guide"), which will be produced jointly between Buyer's maintenance and flight operations personnel and their counterparts at BRAD, based on generally accepted industry standards and including procedures necessary to confirm fulfilment of the obligations set forth in Article 4.4.1, at least twelve (12) months prior to the first day of the Scheduled Delivery Quarter of the delivery of the first Aircraft. At all times during ground inspection and acceptance flight, BRAD shall retain control over the Aircraft, but shall permit one (1) of Buyer's representatives to fly the Aircraft for a reasonable period of time during such flight. BRAD shall at all times retain control of the Aircraft and BRAD's representatives shall be "captain-in-command".

4.4.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

in each case subject to the waiver of such Delivery Requirement by Buyer pursuant to the terms and conditions of a Discrepancy Letter, if any, (collectively, the "Delivery Requirements"), then Buyer shall accept the Aircraft on or before the last day of the Acceptance Period in accordance with the provisions of Article 4.5.

4.4.5 If any defect or discrepancy from the requirements of Article 4.4.1 in the Aircraft (a "Discrepancy") is revealed by Buyer's ground inspection or acceptance flight, such Discrepancy will be corrected by BRAD, at no cost to Buyer as soon as reasonably possible. In the event of a failure to meet the Delivery Requirements, to the extent necessary to verify such correction, BRAD shall permit additional ground inspection by Buyer and shall perform one (1) or more further acceptance flights in accordance with Article 4.4.3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

4.4.6 In the event Buyer desires to accept an Aircraft that Buyer is not required to accept pursuant to Article 4.4.4 having any Discrepancy, the Parties shall mutually agree, in the form of a letter agreement, on the Discrepancy, a timeline for the correction and the correction for such Discrepancy at no charge to Buyer (the "Discrepancy Letter"). The Discrepancy Letter shall prescribe the sole obligation of BRAD to remedy the Discrepancy and shall constitute the sole remedy of Buyer with respect to such Discrepancy, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION].

4.5 Title and Risk

4.5.1 Upon completion of the ground inspection and acceptance flight of the Aircraft, correction of any discrepancy from the Delivery Requirements and successful reinspection and flight testing of the Aircraft:

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Initials

Buyer _____ BRAD _____

- (a) Buyer will sign a Certificate of Acceptance (in the form of Schedule F hereto) indicating that the relevant Aircraft has met or exceeded the Delivery Requirements for the Aircraft (the "Certificate of Acceptance"). Execution of the Certificate of Acceptance by or on behalf of Buyer shall be evidence of Buyer having examined the Aircraft and found it in accordance with the provisions of this Agreement, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]. The date of signature of the Certificate of Acceptance shall be the "Acceptance Date";
- (b) BRAD will supply a TC Certificate of Airworthiness for Export;
- (c) Buyer shall pay BRAD the balance of the Purchase Price and any other amounts due in connection with the applicable Aircraft, at which time BRAD shall (i) issue an FAA bill of sale (the "FAA Bill of Sale"), (ii) issue a warranty bill of sale, in the form of Schedule G hereto (the "Bill of Sale") passing to Buyer good title to the Aircraft free and clear of all liens, claims, charges and encumbrances except for those liens, charges or encumbrances created by or claimed through Buyer and (iii) provide the documents required under Article 6;
- (d) Upon delivery of the Bill of Sale, the FAA Bill of Sale, the Certificate of Acceptance and the permits, licenses and certificates required to be delivered under Article 6, title and risk of loss with respect to the relevant Aircraft shall pass from BRAD to Buyer and actual delivery ("Actual Delivery") of the relevant Aircraft will be deemed to have taken place. For purposes of this Agreement, the term "Actual Delivery Date" shall refer to the date on which Actual Delivery of the relevant Aircraft takes place;
- (e) If, after transfer of title on the Actual Delivery Date, the Aircraft remains in or is returned to the care, custody or control of BRAD, Buyer shall retain risk of loss of, or damage to the Aircraft and for itself and on behalf of its insurers hereby waives and renounces and releases BRAD and any of BRAD's affiliates from any claim, whether direct or indirect or by way of subrogation, for damages to or loss of the Aircraft arising out of, or related to, or by reason of such care, custody or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (f) Buyer shall promptly export the Aircraft from Canada and not divert same for use in Canada prior to export.

4.5.2 Actual Delivery of the Aircraft shall be evidenced by the execution and delivery of the Bill of Sale, the FAA Bill of Sale and the Certificate of Receipt of Aircraft (in the form of Schedule H hereto).

Initials

Buyer _____ BRAD _____

4.6 Default of Buyer

4.6.1 Provided that BRAD has met the Delivery Requirements, should Buyer not accept, pay for and take delivery of any of the [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION], or the day BRAD has met the Delivery Requirements (and the occurrence of successful reinspection and acceptance flight) for such Aircraft, whichever occurs later, Buyer shall be deemed to be in default of the terms of this Agreement.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

4.7 PROMPT REINSPECTION

For greater clarity and notwithstanding any other provision of this Agreement, Buyer shall perform any reinspection and follow-up acceptance flight reasonably promptly following notice from BRAD that all discrepancies from the Delivery Requirements have been cured. Should Buyer fail to reasonably promptly make such reinspection and follow-up acceptance flight, BRAD shall be deemed to have met the Delivery Requirements set forth in Article 4.4.4 (a) and (b), even absent such reinspection and follow-up acceptance flight, at the end of such reasonably prompt period for such reinspection and follow-up acceptance flight and the successful reinspection and follow-up acceptance flight shall be deemed to have occurred.

ARTICLE 5 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 6 - PERMITS, LICENCES AND RELATED DOCUMENTS

6.1 BRAD will obtain at no charge to Buyer, from Transport Canada ("TC"), a TC Type Approval (Transport Category) and from the Federal Aviation Administration of the United States ("FAA") an FAA FAR Part 25 Type Certificate for the type of aircraft purchased under this Agreement. Such certificates will be valid at the time of delivery.

6.2 BRAD shall provide to Buyer a TC Certificate of Airworthiness for Export [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] on or before the Actual Delivery Date. BRAD shall not be obligated to obtain any other certificates or approvals as part of this Agreement; except that BRAD shall obtain [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] In addition, BRAD shall use reasonable efforts to de-register the Aircraft and provide the proof described in the preceding sentence as soon as reasonably possible following confirmation that no further flight is required for such Aircraft.

Initials

Buyer _____ BRAD _____

- 6.3 Except as otherwise required under this Article 6, the obtaining of any other import license or authority required to import the Aircraft into or operate the Aircraft in any country outside of Canada shall be the responsibility of Buyer. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- 6.4 If the use of any of the certificates identified in this Article 6 or Article 13 are discontinued during the performance of this Agreement, reference to such discontinued certificate shall be deemed a reference to any other certificate or instrument which corresponds to such certificate or, if there should not be any such other certificate or instrument, then BRAD shall be deemed to have obtained such discontinued certificate(s) upon demonstrating that the Aircraft otherwise complies with Delivery Requirements.
- 6.5 Subject to the provisions of this Agreement relating to Regulatory Changes and changes mutually agreed upon by the Parties, BRAD shall be responsible for all certifications and approvals related to the installation of the Engines and related hardware and software, if any, on the Aircraft at no cost to Buyer.
- 6.6 Buyer is not required to accept delivery of any Aircraft that does not possess any certificate required to be obtained by BRAD prior to Actual Delivery pursuant to Article 6. Buyer is not required to accept delivery of any Aircraft if that Aircraft is not in a condition that makes it immediately eligible for the issuance of the certificates required by Article 6 where BRAD is required pursuant to Article 6 to deliver the Aircraft in a condition that permits the immediate issuance of such certificates.
- 6.7 BRAD shall provide the FAA required maintenance logbooks for the Aircraft on or before the Actual Delivery of the Aircraft.

ARTICLE 7 - BUYER'S REPRESENTATIVE AT MANUFACTURING SITE

- 7.1 Commencing with the date which is six (6) months prior to the Scheduled Delivery Month of the first Aircraft and ending with the Actual Delivery Date of the last Aircraft purchased hereunder, BRAD shall furnish, without charge to Buyer, one (1) suitable private office and the use of related equipment, including one (1) desk, file cabinets, two (2) telephone lines and access to shared facsimile and shared photocopy equipment, for two (2) of Buyer's representatives. Such space and equipment shall be conveniently located at BRAD's main manufacturing facility or such other location as may be mutually agreed by BRAD and Buyer. BRAD will also provide to Buyer's representative access to the tools, measuring devices, test equipment and technical and other assistance as may be reasonably necessary to perform acceptance tests and to inspect the Aircraft during manufacturing, provided that there is no disruption to the manufacturing process and that such things are available. Buyer shall be responsible for all expenses, including long distance telephone and facsimile charges, travel, living and accommodations, of its representatives and shall notify BRAD at least thirty (30)

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Initials

Buyer _____ BRAD _____

- (a) A non-refundable deposit [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]. This deposit is non-refundable and shall be considered part of the payment toward the Basic Aircraft Price of the relevant Firm Aircraft. Upon payment of the deposit referenced in this Article 9.1 (a), each of the Firm Aircraft shall be reserved for purchase by Buyer and shall be removed from the market;
- (b) A non-refundable progress [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] per Firm Aircraft no later than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (c) A non-refundable progress payment [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of the Basic Aircraft Price of each Firm Aircraft [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (d) A non-refundable progress payment [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of the Basic Aircraft Price of each Firm Aircraft [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (e) A non-refundable progress payment [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (f) The balance of the Purchase Price of each Firm Aircraft, after deducting the payments made in this Article 9.1 (a) through (e) above, upon the Actual Delivery Date of each Aircraft by BRAD to Buyer;
- (g) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] BRAD shall not be obligated to pay any interest to Buyer on any deposits or progress payments referenced in this Article 9.1 (a) through (e) above; and
- (h) All progress payments referenced in this Article 9.1 (c) through (e) above shall be made on the first business day of the applicable month.

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Initials

Buyer _____ BRAD _____

ARTICLE 10 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 11 - PAYMENTS

11.1 BRAD shall provide notice to Buyer of any late payment from Buyer, however, Buyer will not be relieved of its obligations to make payment when due or of its obligation to pay overdue interest if no notice is issued by BRAD. Buyer shall pay BRAD daily interest on late payments, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] at the Interest Rate. BRAD's right to receive such interest is in addition to any other right or remedy BRAD has at law or in equity as a result of Buyer's failure to make payments when due.

11.2 Buyer shall make all payments due under this Agreement in immediately available funds by deposit on or before the due date to BRAD's account in the following manner:

- (a) Pay: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (b) Beneficiary: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (c) For further credit to: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (d) In favour of: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

11.3 All payments provided for under this Agreement shall be made so as to be received in immediately available funds on or before the dates stipulated herein.

11.4 BRAD shall remain the exclusive owner of the Aircraft, free and clear of all rights, liens, charges or encumbrances created by or through Buyer, until such time as all payments referred to in Article 9 or Letter Agreement No. 3 as applicable with respect to the relevant Aircraft have been made.

ARTICLE 12 - BUYER INFORMATION AND BUYER FURNISHED EQUIPMENT

Initials

Buyer _____ BRAD _____

12.1 During the manufacture of the Aircraft, Buyer shall provide to BRAD on or before the date reasonably required by BRAD, all information as BRAD may reasonably request to manufacture the Aircraft including, the selection of furnishings.

Nine (9) months prior to the Scheduled Delivery Month of the first Aircraft, Buyer will:

- (a) provide BRAD with an external paint scheme agreed on by the Parties;
- (b) select interior colors; and
- (c) provide to BRAD, on drawings which will be forwarded to Buyer, language translations for interior and exterior Aircraft labels.

Failure of Buyer to comply with these requirements may result in an increase in the Purchase Price [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION], a delay in delivery of the Aircraft, or both, in either case, reasonably related to Buyer's failure. BRAD shall use its reasonable efforts to prevent or minimize such delay or Purchase Price increase.

12.2 Certain equipment and items which Buyer may designate as Buyer Furnished Equipment are set forth in Schedule J ("BFE"). [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] provide BFE, Buyer shall be responsible for providing certified BFE to BRAD on the applicable on-dock dates set forth in Schedule J and the costs associated with shipping such BFE to BRAD's facilities in accordance with the requirements of this Article 12. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

12.3 The Parties may agree to treat other equipment and items other than the BFE as Buyer furnished equipment ("Additional BFE") and Buyer installed equipment after Actual Delivery of an Aircraft ("BIE"). [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] In the case of installations not included in the Specification as of the date of this Agreement, Buyer shall pay to BRAD the costs of providing certified Additional BFE to BRAD and the costs (which shall be agreed by the Parties prior to the completion of the order for such Additional BFE) of certifying and installing all such Additional BFE and its installation or provisions, as applicable; provided, however, that any Additional BFE that has been previously installed upon or is an option on the CL600-2C10 ("Standard BFE") shall be installed without any incremental charge for certification or installation.

12.4 On or before the date which is [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the Scheduled Delivery Month of the first Aircraft Buyer shall notify BRAD in writing of the BFE, BIE or Additional BFE (if any) (the BFE and Additional BFE are, collectively, the "Applicable BFE") that Buyer wishes to

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Buyer _____ BRAD _____

have incorporated into the Aircraft. Buyer shall request of BRAD in writing any change that Buyer desires to make with regard to the Applicable BFE or BIE for the undelivered Aircraft at least [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the first day of the Scheduled Delivery Month of the first Aircraft upon which the change will be implemented. The dates for the delivery of the Additional BFE to BRAD will be mutually agreed by the Parties at the time the Parties agree to the addition of the Additional BFE. Except for Standard BFE, Buyer shall provide information regarding:

- (a) weights and dimensions of the Applicable BFE;
- (b) test equipment or special tools required to incorporate the Applicable BFE;
- (c) any other information relating to the Applicable BFE that BRAD may reasonably require; and
- (d) the instructions necessary for the proper storage, fitment, servicing, maintenance and operation relating to the Applicable BFE.

Within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] days thereafter, BRAD shall advise Buyer of its acceptance or rejection of the Additional BFE. If required, the Parties hereto shall execute a Change Order in accordance with Article 15 to cover the Applicable BFE.

12.5 The Applicable BFE shall be incorporated in the manufacturing process of the Aircraft subject to the following conditions:

- (a) Title to and risk of loss of the Applicable BFE shall remain at all times with Buyer. BRAD shall have such responsibilities for such Applicable BFE as is applicable by law to a bailee for hire;
- (b) The Applicable BFE must be received Carriage Paid To (Incoterms 1990) BRAD's plant or such other place as BRAD may reasonably designate, no later than the date specified by the Parties in Schedule J or by mutual agreement, free and clear of any taxes, duties, licenses, charges, liens or other similar claims;
- (c) The Applicable BFE shall:
 - (i) have the applicable serviceable parts tags acceptable to TC and the FAA, and
 - (ii) meet the requirements of the applicable airworthiness certification agency;
- (d) The Applicable BFE shall be delivered to BRAD in good condition and ready for immediate incorporation into the Aircraft. BRAD shall, upon receipt, inspect the

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Buyer _____ BRAD _____

Applicable BFE as to quantity and apparent defects and as soon as practicable inform Buyer of any discrepancies and the required corrective actions to be taken; and

- (e) BRAD shall only be responsible for the fitment and testing of the Applicable BFE in the Aircraft using reasonable care, using good manufacturing practices and in accordance with Buyer's written detailed description of the dimensions and weight of such Applicable BFE.

12.6 If at any time between receipt of the Applicable BFE by BRAD and the Actual Delivery Date, BRAD notifies Buyer that an item of Applicable BFE supplied does not meet the standards and requirements described above or its fitment, integration and testing in the Aircraft or Aircraft systems creates delays in the manufacturing or certification process, then such Applicable BFE may be removed and replaced by other Applicable BFE or by BRAD's equipment, unless Buyer requests delivery of the relevant Aircraft without such Applicable BFE. Buyer shall pay BRAD any [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] in connection with such removal, refitment, replacement, testing, certification and/or delays in the Delivery Date of the Aircraft.

12.7 In the event that the delivery of an Aircraft is delayed due to any delay caused by Buyer's failure to:

- (a) deliver or have Applicable BFE delivered by the date required;
- (b) ensure satisfactory design, suitability, use or operation of the Applicable BFE;
- (c) perform any adjusting, calibrating, retesting or updating of Applicable BFE;
- (d) furnish or obtain any approvals, data or information, in each case, regarding the Applicable BFE or in compliance with the provisions of this Article; or
- (e) comply with the requirements of Articles 12.5 (c) and (d).

BRAD agrees to discuss with Buyer, and use its reasonable efforts to carry out steps to minimize, cure, eliminate or work around the delay, but any delay reasonably incurred shall be the responsibility of Buyer and Buyer shall pay to BRAD any [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] due to such delay. BRAD shall use its reasonable efforts to prevent such delay or price increase.

12.8 Should there be a delay in delivery caused either by any failure of Buyer described in this Article 12, or by an event to which reference is made in Article 18.2 in connection with the Applicable BFE, and if such delay cannot reasonably be minimized, cured, eliminated or worked around by agreement of the Parties, Buyer agrees that BRAD may, at its sole option,

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Buyer _____ BRAD _____

deliver the Aircraft without installing the unapproved, delayed or non-conforming Applicable BFE, and Buyer agrees to take delivery of and pay for the Aircraft.

12.9 If this Agreement is terminated in whole or in part in accordance with the provisions hereof, BRAD will elect to, by written notice to Buyer, either:

- (a) purchase the Applicable BFE ordered by Buyer and/or received by BRAD at a price mutually agreed upon by BRAD and Buyer (including shipping charges); or
- (b) return the Applicable BFE to Buyer at Buyer's risk and expense at a location designated by Buyer.

12.10 In the event of Buyer's failure to perform any of its obligations set forth in this Article 12 which cause, directly or indirectly a delay

in BRAD offering the Aircraft for inspection and acceptance in accordance with Article 4.2, BRAD shall not be in default under this Agreement [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] as a result thereof and shall be relieved of any and all obligations [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]. Buyer shall pay [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] expenses and daily interest at the Interest Rate on the Purchase Price of the relevant Aircraft for each day of delay arising from or in connection with the aforementioned delay of an Aircraft [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION].

ARTICLE 13 - FAA APPROVAL AND REGULATORY CHANGES

13.1 As provided in Article 6.1, at the time of Actual Delivery of each Aircraft, BRAD will possess a valid FAR Part 25 Type Certificate for the Aircraft. The responsibility for the costs of FAR Part 25 requirements will be as provided below.

13.2 If any change or modification to an Aircraft, or further testing of such Aircraft, is required by any law, governmental regulation or requirement (or, in each case, official interpretation thereof) by any Competent Authority having jurisdiction, including the FAA, in order to meet the requirements of FAR Part 25 and in each case is required before, on or after the date of this Agreement but prior to Actual Delivery of such Aircraft (a "Regulatory Change"), BRAD will implement such Regulatory Change to the affected [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

13.4 BRAD shall promptly issue a Notice to Buyer, identifying any Regulatory Change required to be made under this Article 13, which shall set forth in detail the particular changes to be made and the effect, if any, of such changes on design, performance, weight, balance, time of

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Buyer _____ BRAD _____

delivery, Basic Aircraft Price and Purchase Price. Any Notice issued pursuant to this Article shall be effective and binding upon the date of BRAD's transmittal of such Notice.

ARTICLE 14 - INTENTIONALLY LEFT BLANK

ARTICLE 15 - CHANGES

15.1 Other than a [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] or a Regulatory Change as described in Article 13.2, any change to this Agreement (including the Specification) or any features of the Aircraft or any addition or deletion of BFE/Additional BFE not previously accounted for, if any, requested by either Party hereto, and as may be mutually agreed upon by the Parties hereto, shall be made using a change order ("Change Order") substantially in the format of Schedule K hereto. Should either Party request a change, BRAD shall promptly advise Buyer of:

- (a) the effect, if any, of such Change Order on the Scheduled Delivery Month, Schedule Delivery Week and the Readiness Date (each as may be known at the time) and the Aircraft on which the change will be effected;
- (b) the price and payment terms applicable to the Change Order; and
- (c) the effect, if any, of such Change Order on any other material provisions of this Agreement (including the Specification or Performance Guarantees set forth in Letter Agreement No. 9) which will be affected by the Change Order.

Such Change Order shall only become effective and binding on the Parties hereto when signed by a duly authorized representative of each Party.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

15.3 At least [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the Schedule Delivery Quarter of the first Aircraft, BRAD will prepare, and will allow Buyer a reasonable opportunity to inspect, a full size mock-up of the interior of the Aircraft, including the passenger seating areas, the flight attendant work and seating areas and the lavatories (the "Mock-up"). Additionally, at [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the Scheduled Delivery Quarter of the first Aircraft, BRAD will provide to Buyer detailed drawings of the Aircraft's cargo areas, ground service access panels and cockpit (the "Drawings"). At any time [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] or more prior to the delivery of an Aircraft, BRAD will make, after consultation with Buyer and at no charge to Buyer, minor changes to

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Buyer _____ BRAD _____

the design of the Aircraft, including any such changes that are a result of Buyer's inspection of the Mock-up or the Drawings, that Buyer may reasonably request.

ARTICLE 16 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 17 - PATENT INDEMNITY

17.1 In the case of any actual or alleged infringement of any Canadian or United States patent or, subject to the conditions and exceptions set forth below, any patent issued under the laws of any other country in which Buyer from time to time may lawfully operate the Aircraft ("Other Patents"), by (a) the Aircraft, or by any system, accessory, equipment or part installed in such Aircraft at the time title to such Aircraft passes to Buyer; (b) the Aircraft or any system, accessory, equipment or part thereof as modified by BRAD for Buyer to the extent such actual or alleged patent infringement results from such modification; or (c) any system, accessory, equipment or part held in Buyer's inventory or installed upon the Aircraft subsequent to the time the title to such Aircraft passes to Buyer that in each case was sold by BRAD to Buyer, then in each case BRAD shall indemnify, defend, protect and hold harmless Buyer from and against all claims, suits, actions, liabilities, damages and costs resulting from such alleged or actual infringement, excluding any indirect, incidental or consequential or punitive damages (which include without limitation loss of revenue or loss of profit) and BRAD shall, at its expense, take one of the following actions, which action may be selected by BRAD:

- (a) procure for Buyer the right under such patent to use such system, accessory, equipment or part; or
- (b) replace such system, accessory, equipment or part with one of the similar nature and at least the same quality, utility and maintainability that is non-infringing; or
- (c) modify such system, accessory, equipment or part to make same non-infringing in a manner such as to keep it otherwise in compliance with the requirements of this Agreement (including being of at least the same quality and utility and similar maintainability).

17.2 BRAD's obligation hereunder shall extend to Other Patents only if at the time the Claim arises:

- (a) such other country and the country in which the Aircraft is permanently registered have ratified and adhered to and are at the time of the actual or alleged infringement contracting parties to the Chicago Convention on International Civil Aviation of December 7, 1944 and are fully entitled to all benefits of Article 27 thereof; and
- (b) such other country and the country of registration shall each have been a party to the International Convention for the Protection of Industrial Property (Paris Convention)

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Buyer _____ BRAD _____

or have enacted patent laws which recognize and give adequate protection to inventions made by the nationals of other countries which have ratified, adhered to and are contracting parties to either of the forgoing conventions.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 18 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 19 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 20 - TERMINATION

20.1 This Agreement may be terminated, in whole or in part, with respect to any or all of the undelivered Aircraft before the Actual Delivery by BRAD or Buyer by notice of termination to the other Party upon the occurrence of any of the following events with respect to the other Party:

- (a) the other Party makes a general assignment of all or substantially all of its assets for the benefit of creditors, becomes insolvent or admits in writing its inability to pay its debts as they become due or the other Party ceases to pay its debts as they become due or the other Party ceases doing business as a going concern or suspends all or substantially all of its business operations; or
- (b) the other Party applies for the appointment of a receiver, custodian, liquidator or trustee; or a receiver, custodian, liquidator or trustee is appointed for the other Party or for substantially all of such other Party's assets and, if appointed without such Party's consent, such appointment is not discharged or stayed within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] calendar days thereafter; or
- (c) proceedings or action under any law relating to bankruptcy, insolvency, reorganization, readjustment of debt, dissolution, liquidation or any similar proceeding for the relief of debtors are instituted by or against the other Party, and, if contested by such other Party, are not dismissed or stayed within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] calendar days thereafter; or
- (d) any writ of attachment or execution or any similar process is issued or levied against the other Party or any significant part of its property and is not released, stayed,

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Buyer _____ BRAD _____

bonded or vacated within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] calendar days after its issue or levy.

20.2 In addition, this Agreement may be terminated, in whole or in part, before the Actual Delivery with respect to any or all undelivered Aircraft:

(a) as otherwise provided in this Agreement; or

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

20.3 In case of termination by BRAD of this Agreement under [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

(a) all rights (including property rights), if any, which Buyer or its assignee may have or may have had in or to this Agreement with regard to the undelivered Aircraft or all of the undelivered Aircraft, as applicable, shall become null and void with immediate effect;

(b) BRAD may sell, lease or otherwise dispose of such undelivered Aircraft to another party free of any claim by Buyer;

(c) all amounts paid, including any deposits, by Buyer with respect to the applicable undelivered Aircraft shall be retained by BRAD [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

20.4 In the event of termination of this Agreement by Buyer [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

20.5 For greater certainty, the Parties agree that Buyer shall not have the right to terminate this Agreement under Article 20.2 (c) in cases of either (a) delay in the delivery of an Aircraft and (b) loss, destruction or damage beyond economic repair of an Aircraft. Such termination rights of Buyer shall only exist, where applicable, under Articles [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] 19.1 respectively. For greater certainty, the Parties agree that BRAD shall not have the right to terminate this Agreement under Article 20.2(b) in case of Buyer's failure to accept pay for and take delivery of any Aircraft. Such termination rights of BRAD shall only exist, where applicable, under Article 4.6.

ARTICLE 21 - LIMITATION OF LIABILITY

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Buyer _____ BRAD _____

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 22 - GOVERNING LAW

- 22.1 THIS AGREEMENT, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK.
- 22.2 Buyer and BRAD agree that all disputes arising under this Purchase Agreement shall be resolved in accordance with the procedures set forth in Article 34. The United Nations Convention on International Sales shall not apply to this Purchase Agreement or the transactions contemplated hereby.

ARTICLE 23 - TERMS

- 23.1 Technical and trade terms not otherwise defined herein shall have the meanings assigned to them as generally accepted in the international aircraft manufacturing industry. All monetary amounts contained in this Agreement refer to U.S. dollars and any payments requested by either Party hereunder or under this Agreement shall be in U.S. Dollars.

ARTICLE 24 - SALES, LEASE, SUBLEASE AND ASSIGNMENT RIGHTS

- 24.1 Buyer shall have the right (without relieving Buyer of its obligations under this Agreement) to sell, lease, sublease, assign, transfer, convey or dispose of any or all of the Aircraft and retain or pass through any or all of the rights, benefits and obligations (including those pertaining to warranties) provided in this Agreement without the prior consent of BRAD to (a) any wholly-owned subsidiary of Buyer, (b) any leasing affiliate of Buyer, (c) any other affiliate of Buyer of greater or equal financial capability or (d) any financial or other institution involved in financing the Aircraft for Buyer provided in each case that (i) Buyer shall remain jointly and severally liable with the assignee for the performance of its obligations under this Agreement and (ii) there is no increase in liability and/or responsibility of BRAD.
- 24.2 Subject to Buyer's assignment rights under Article 24.1, for greater certainty, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] granted by BRAD are personal to Buyer and may not be negotiated, transferred, assigned or disposed of to any other person in any way without BRAD's consent (which shall not be unreasonably withheld or delayed) and that as a condition of its consent to

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Buyer _____ BRAD _____

assignment BRAD shall be entitled, as a condition to giving its consent, to require a reasonable amendment of the applicable provisions.

24.3 Notwithstanding the other provisions of this Article 24, BRAD shall, at Buyer's cost and expense, if so requested in writing by Buyer, take any action reasonably required for the purpose of causing any of the Aircraft to be subjected (a) to, after the Actual Delivery Date, an equipment trust, conditional sale or lien, or (b) to another arrangement for the financing of the Aircraft by Buyer, providing, however, there shall be no increase in the liability and/or responsibility of BRAD arising through such financing.

24.4 BRAD may assign, convey, sell, transfer, dispose of, retain or pass through (in whole or in part) any or all of its rights, benefits and obligations hereunder to a wholly-owned subsidiary or affiliate (a "BRAD Affiliate") without the prior consent of Buyer provided that (a) there is no increase to the liability and/or responsibility of Buyer and (b) BRAD remains jointly and severally liable with any assignee for the performance of its obligation under this Agreement.

24.5 BRAD may assign any of its rights to receive money hereunder without the prior consent of Buyer.

24.6 Except as provided in this Agreement, neither Party may sell, lease, sublease, assign, transfer, convey or dispose of this Agreement, or any of such Party's rights, duties or obligations hereunder, without the prior written consent of the other Party (which shall not be unreasonably withheld or delayed). Notwithstanding such consent the Party receiving such consent shall not be relieved of any of its obligations under this Agreement. Any attempted sale, lease, sublease, assignment, transfer, conveyance, or disposition which does not comply with this Article 24 shall be null and void.

ARTICLE 25 - CONFIDENTIALITY

25.1 This Agreement is confidential between the Parties and shall not, without the prior written consent of the other Party, be disclosed by either Party in whole or in part to any other person or body except as set forth below.

25.2 Except as set forth below, each Party shall hold confidential and shall not reproduce any technical data or information supplied by or on behalf of the other Party or divulge the same to any third party without the prior written consent of the other Party (which consent shall not be unreasonably delayed or withheld). Except as set forth below, neither Party will disclose the Evaluation Materials (as defined below) to any third party without the prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed). The term "Evaluation Materials" shall mean and include the respective (i) data, reports, interpretations, forecasts, records, statements and documents in each case in written, documentary, computer or electronic form of any kind to the extent they contain information concerning BRAD or Buyer, as the case may be, which is not available to the general public and which the other

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Buyer _____ BRAD _____

Party or its representatives (including its affiliates, directors, officers, employees, agents and advisors (including attorneys, accountants, consultants, bankers and financial advisers of the Party) ("Representatives")) provide or have provided, to the recipient (the "Recipient") or any of its Representatives for the purposes of the transactions contemplated by this Agreement (the "Transactions") and (ii) information, reports, analyses, compilations, studies, interpretations, forecasts, records or other material prepared by the Recipient in each case in written, documentary, computer or electronic form containing, in whole or any part, any Evaluation Materials. Evaluation Materials may be disclosed to the Representatives of the Recipient who need to know the information for the purposes of evaluating and analyzing the Transaction, it being understood that they will be advised by the Recipient of the confidential nature of such information and that by receiving such information they are agreeing to be bound by the terms of this Article 25.

25.3 Either Party may announce the signing of this Agreement by means of a notice to the press provided that the content and date of the notice has been consented to by the other Party (which consent shall not be unreasonably delayed or withheld).

25.4 In the event either Party (the "Filing Party") now or hereafter has a class of securities registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or is subject to the reporting requirements of Section 15(d) thereof, or the Filing Party proposes to effect an offering of securities registered under the Securities Act of 1933, as amended (the "Securities Act"), and in any such case, the Filing Party reasonably determines, based upon the advise of counsel that this Agreement is a "material contract" as described in Item 601 of Regulations S-K, and is required to be filed as an exhibit to a registration statement under the Securities Act or a periodic report under the Exchange Act, the Filing Party shall notify the other Party, by written notice, at least thirty (30) days prior to the date of such anticipated filing of such determination and the reasons therefor, and shall use its reasonable efforts to work with the other Party to prepare and file with the Securities and Exchange Commission (the "Commission") a request for confidential treatment pursuant to Rule 24b-2 under the Exchange Act or Rule 406 under the Securities Act, as the case may be, with respect to information in this Agreement, and such other information as the other Party may reasonably request.

25.5 Any of the information that is required to be kept confidential pursuant to the provisions of Articles 25.1 and 25.2 (the "Confidential Information") may be disclosed to the extent such information is information that (a) at the time of the disclosure is publicly available or becomes publicly available through no act or omission of the Party having a confidentiality obligation under this Agreement, (b) may be reasonably necessary for either party to carry out its obligations or enforce its rights under this Agreement, (c) is independently and lawfully acquired or developed by such disclosing Party, (d) is disclosed despite the exercise of reasonable care which shall be at least the same degree of care as such Party takes to safeguard comparable confidential information of its own, (e) is required to be disclosed for the operation, maintenance, overhaul or repair of the Aircraft provided the recipient agrees to hold

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Buyer _____ BRAD _____

same in confidence and to use same only for the purposes stated above, (f) is required to be disclosed by Buyer by any lending or financial institution or leasing company or other participant in any equipment trust, conditional sale, lease, security agreement, chattel mortgage or other arrangement for the financing or use of the Aircraft by Buyer or for the financing of any of Buyer's obligations under this Agreement, (g) is disclosed as required by court order or as otherwise required by law (including federal securities laws), on the condition that prompt notice of the requirement for such disclosure is given to the other Party prior to making any disclosure unless impossible (this phrase only applies with respect to this subsection (g)), (h) as may be reasonably required by BRAD for purposes of analytical or technical product support, improvement or enhancement of customer support services, (i) is disclosed to independent auditors, accountants or attorneys of the disclosing party who shall be advised of the confidential nature of same, or (j) is disclosed to the disclosing Party by a third party that did not acquire the information under an obligation of confidentiality.

25.6 To the extent that the other Party objects to the disclosure of confidential information, the Party from which the disclosure is sought shall (a) use all reasonable and lawful efforts to resist making any disclosure of such Confidential Information, (b) use all reasonable and lawful efforts to limit the amount of such Confidential Information to be disclosed, (c) use all reasonable efforts to obtain a protective order or other appropriate relief to minimize the further dissemination of the Confidential Information to be disclosed and (d) give the Party objecting to disclosure the opportunity to seek confidential treatment with regard to the Confidential Information. The provisions of this Article 25 shall survive the termination or expiration of this Agreement for whatever reason.

ARTICLE 26 - COMPLIANCE WITH APPLICABLE LAWS

26.1 Each Party shall comply with all applicable laws, rules, and regulations promulgated by Competent Authorities, with respect to its obligations under this Agreement, and with respect to all of the transactions contemplated hereby. Except as provided in this Agreement, each Party shall, at its own expense, obtain and maintain the governmental authorizations, licenses, approvals, registrations, and filings that may be required of it under applicable law, and under applicable rules and regulations promulgated by Competent Authorities, to execute or perform under this Agreement. For purposes of this Agreement, "Competent Authorities" shall mean any national, federal, state, provincial, county, local, or municipal government body, bureau, commission, board, board of arbitration, instrumentality, authority, agency, court, department, inspectorate, minister, ministry, official, or public or statutory entity or person (whether autonomous or not) having jurisdiction over any of the Parties in relation to this Agreement or any of the transactions contemplated hereby.

ARTICLE 27 - REPRESENTATIONS AND WARRANTIES

27.1 Effective as of the date of this Agreement and as of the Actual Delivery of each Aircraft, BRAD represents and warrants that:

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Buyer _____ BRAD _____

- (a) BRAD is a corporation duly organized, validly existing and in good standing under the laws of Canada and has all necessary corporate power and authority to conduct the business in which it is currently engaged and to enter into and perform its obligations under this Agreement;
- (b) BRAD has taken, or caused to be taken, all necessary corporate action to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;
- (c) The execution and delivery by BRAD of this Agreement, the performance by BRAD of its obligations hereunder and the consummation by BRAD of the transactions contemplated hereby, do not and will not (i) violate or conflict with any provision of the constitutional documents of BRAD, (ii) violate or conflict with any law, rule, or regulation applicable to or binding on BRAD, or (iii) violate or constitute any breach or default under any agreement, instrument or document to which BRAD is a party or by which BRAD or any of its properties is or may be bound or affected;
- (d) The execution and delivery by BRAD of this Agreement, the performance by BRAD of its obligations hereunder and the consummation by BRAD of the transactions contemplated hereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (i) any trustee or other holder of any indebtedness or obligation of BRAD, (ii) any federal, provincial, municipal, or local government regulatory, judicial or administrative entity of competent jurisdiction, or (iii) any other party;
- (e) This Agreement has been duly authorized, executed and delivered by BRAD and, assuming the due authorization, execution and delivery hereof by the Buyer, constitutes the legal, valid and binding obligation of BRAD enforceable against BRAD in accordance with the terms hereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity; and
- (f) Each of the foregoing representations and warranties shall survive the execution and delivery of this Agreement and any termination hereof.

27.2 Effective as of the date of this Agreement and as of the Actual Delivery of each Aircraft, Buyer represents and warrants that:

- (a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all necessary corporate power and authority to

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Buyer _____ BRAD _____

conduct the business in which it is currently engaged and to enter into and perform its obligations under this Agreement;

- (b) Buyer has taken, or caused to be taken, all necessary corporate action to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;
- (c) The execution and delivery by Buyer of this Agreement, the performance by Buyer of its obligations hereunder and the consummation by Buyer of the transactions contemplated hereby, do not and will not (i) violate or conflict with any provision of the constitutional documents of Buyer, (ii) violate or conflict with any law, rule, or regulation applicable to or binding on Buyer, or (iii) violate or constitute any breach or default under any agreement, instrument or document to which Buyer is a party or by which Buyer or any of its properties is or may be bound or affected;
- (d) The execution and delivery by Buyer of this Agreement, the performance by Buyer of its obligations hereunder and the consummation by Buyer of the transactions contemplated hereby do not and will not require the consent, approval or authorization of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (i) any trustee or other holder of any indebtedness or obligation of Buyer, (ii) any national, federal, state, or local government regulatory, judicial or administrative entity of competent jurisdiction, or (iii) any other party;
- (e) This Agreement has been duly authorized, executed and delivered by Buyer and, assuming the due authorization, execution and delivery hereof by BRAD, constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms hereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity;
- (f) By a filing with the Secretary of State of Delaware, effective as of December 22, 1997, Buyer's corporate name was changed from AMR Eagle, Inc. to AMR Eagle Holding Corporation; and
- (g) Each of the foregoing representations and warranties shall survive the execution and delivery of this Agreement and any termination hereof.

ARTICLE 28 - AGREEMENT

28.1 This Agreement and the matters referred to herein constitute the entire Agreement between BRAD and Buyer and supersede and cancel all prior representations, brochures, warranties,

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Buyer _____ BRAD _____

statements, negotiations, undertakings, letters, memoranda of agreement, proposal, acceptances, agreements, understandings, contracts and communications (including the Memorandum of Understanding dated 17 June 1997 and the Confidentiality Agreement dated June 4, 1997), whether oral or written, between BRAD and Buyer or their respective agents, with respect to or in connection with the subject matter of this Agreement. No agreement or understanding shall vary the terms and conditions hereof unless it is in writing and duly signed by their respective authorized representatives.

28.2 If any of the provisions of this Agreement are for any reason declared by final judgement (from which all rights of appeal have expired) of a court of competent jurisdiction to be unenforceable or ineffective, those provisions shall be deemed severed from this Agreement in the jurisdiction in question and such contravention, illegality, invalidity or unenforceability shall not in any way prejudice or affect the remaining parts of this Agreement which shall continue in full force and effect.

28.3 THE BENEFIT OF THE WAIVER, RELEASE, RENUNCIATION AND EXCLUSION OF LIABILITY IN ARTICLE 21 EXTENDS ALSO TO THE OTHER DIVISIONS, OTHER SUBSIDIARIES, AND OTHER AFFILIATES OF BOMBARDIER INC., INCLUDING DE HAVILLAND INC. (COLLECTIVELY THE "BOMBARDIER GROUP") AND TO THE OFFICERS, DIRECTORS, EMPLOYEES AND REPRESENTATIVES OF THE BOMBARDIER GROUP, ON WHOSE BEHALF AND FOR WHOSE BENEFIT BRAD IS, FOR PURPOSES OF THIS ARTICLE 28.3, ACTING AS AGENT AND TRUSTEE.

ARTICLE 29 - INDEPENDENT CONTRACTOR

29.1 Each of the Parties is an independent contractor. Nothing in this Agreement is intended or shall be construed to create or establish any agency, partnership, joint venture, or fiduciary relationship between the Parties. Neither Party nor any of its affiliates has any authority to act for or to incur any obligations on behalf of or in the name of the other Party or any of its affiliates.

ARTICLE 30 - CAPTIONS, HEREOF, INCLUDING

30.1 The captions and headings appearing in this Agreement have been inserted as a matter of convenience and in no way define, limit, or enlarge the scope of this Agreement or any of the provisions hereof. "Including" or "include" shall be deemed to mean "limitation" or "include without limitation," respectively, unless otherwise specified in this Agreement. All references in this Agreement to "herein," "hereof," "hereto," "hereby," or "hereunder" shall be deemed references to this Agreement as a whole and not to any particular section, subsection, paragraph, subparagraph, sentence or clause of this Agreement.

ARTICLE 31 - SCHEDULES

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Buyer _____ BRAD _____

31.1 The schedules and letters of agreement to this Agreement are incorporated into this Agreement and form a part hereof for all intents and purposes.

ARTICLE 32 - REMEDIES

32.1 Unless otherwise expressly provided herein, all remedies provided for herein are cumulative and, to the extent provided in the next sentence, exclusive. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] However, in no event shall either Party be able to recover any duplication of payment or recovery regardless of the number of remedies used.

ARTICLE 33 - COSTS

33.1 Each Party shall bear its own costs of attorneys, accountants and financial advisors in connection with the preparation, negotiation and execution of this Agreement, and other transaction documentation (provided, however, that the allocation of such costs with respect to financing documentation shall be addressed in the Financing Term Sheet).

ARTICLE 34 - ARBITRATION

34.1 The Parties agree that if they cannot resolve the proper apportionment among them of responsibility for or with respect to any Claim, or any other dispute or alleged dispute that may arise in connection with the interpretation of any provision of this Agreement or the performance, failure to perform, or breach by any Party of its obligations under this Agreement (each a "Dispute"), such Dispute shall be referred to and finally and confidentially resolved by arbitration under the Rules of the London Court of International Arbitration (the "Arbitration Rules"), which rules are deemed to be incorporated by reference herein, except as they may be modified herein or by mutual agreement of the Parties. In the event of a conflict between the Arbitration Rules and the provisions of this Agreement, the provisions of this Agreement shall prevail. The arbitration proceedings shall take place in New York, New York, and shall be conducted in the English language.

34.2 Each of the Parties expressly and irrevocably waives its rights to bring suit against the other in any court of law regarding this Agreement, except for the limited purpose of enforcing an arbitral award obtained hereunder or obtaining any injunctive, temporary or preventive relief as may be available to it for the purpose of maintaining the status quo pending the completion of the arbitration for a breach or threatened breach by the other Party of this Agreement which threatens irreparable damage, in which case suit may be brought in any court of competent jurisdiction. Each Party, to the fullest extent it may effectively do so under applicable laws, rules or regulations, irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that is not subject to the arbitration hereunder.

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Buyer _____ BRAD _____

34.3 The arbitration, including the rendering of the award, shall be conducted by three (3) arbitrators; provided, however, that the arbitration may be conducted by only one (1) arbitrator if the Parties so agree in advance of the arbitration and are able to agree upon a single, mutually acceptable individual. The arbitrator(s) shall be first nominated and then appointed in accordance with the Arbitration Rules. The Party initiating the arbitration (the "Claimant") shall appoint an arbitrator in its request for arbitration (the "Request"). The other Party (the "Respondent") shall appoint an arbitrator within fifteen (15) days of receipt of the Request and shall notify the Claimant of such appointment in writing. If within fifteen (15) days of receipt of the Request by the Respondent, the Respondent has not appointed an arbitrator, then that arbitrator shall be appointed by the London Court of International Arbitration. The first two (2) arbitrators appointed in accord with this provision shall appoint a third arbitrator within fifteen (15) days after the London Court of International Arbitration has notified the Parties (and any arbitrator already appointed) of its appointment of an arbitrator on behalf of the Party failing to appoint. When the third arbitrator has accepted the appointment, the two (2) arbitrators making the appointment shall promptly notify the Parties of the appointment. If the first two (2) arbitrators appointed fail to appoint a third arbitrator or to so notify the Party within the time period prescribed above, the London Court of International Arbitration shall appoint the third arbitrator and shall promptly notify the parties of the appointment. The third arbitrator shall act as chairperson of the tribunal (in accordance with Rule 3.3). Each of the arbitrators shall, to the extent appropriate, be knowledgeable about the legal, marketing and other business aspects of the airline industry (provided that such persons are then available) and fluent in the English language. If a Party does not object to an arbitrator within seven (7) days of appointment, such arbitrator shall be conclusively presumed to have such qualifications. Initially and until written notice has been received to the contrary, all notifications and communications arising from the arbitral proceedings may be made to the Parties in the manner and to the address specified in Article 37 of this Agreement.

34.4 In order to facilitate the comprehensive resolution of related Disputes, any Party, may, within twenty-one (21) days after the commencement of any arbitration, apply to consolidate that arbitration proceeding with any one (1) or more arbitration proceedings previously commenced pursuant to this Agreement. Such application shall be made to the arbitration tribunal in the earliest filed arbitration among those that the Party seeks to consolidate (the "First Tribunal"), which shall have the sole power to determine such issue. The First Tribunal shall not consolidate such arbitrations unless it determines that (a) there are issues of fact and law common to the two (2) proceedings so that a consolidated proceeding would be more efficient than separate proceedings, and (b) no Party would be prejudiced as a result of such consolidation through undue delay or otherwise. In case the arbitration proceedings are consolidated, the First Tribunal shall serve as the tribunal for all consolidated proceedings.

34.5 The Parties agree to use commercially reasonable efforts to complete the arbitration within ninety (90) days commencing from the date the last arbitrator accepts his or her appointment. Any decision or award of the arbitrator(s) shall be based solely on the terms of this Agreement and the substantive governing law applicable thereto.

Initials

Buyer _____ BRAD _____

34.6 All decisions of the arbitrator(s) shall be in writing stating the reason therefor, shall be final and conclusive, and shall be binding on the Parties. Any arbitral award may include an award of costs, including reasonable attorney's fees and disbursements. Judgement upon the award in the arbitration may be entered and enforced by any court of competent jurisdiction. The Parties agree to exclude, to the fullest extent permitted by applicable law, rule or regulation any right of application or appeal to any court in connection with any question of law arising in the course of arbitration proceedings or out of any decision or award by the arbitrators. The Parties expressly agree that the arbitrator(s) shall have the authority to award damages. The Parties also expressly agree that the arbitrator(s) shall not act as an amiable(s) compositeur(s).

34.7 Each of the Parties irrevocably submits to the personal jurisdiction of the U.S. District Court for the Southern District of the State of New York and of the Supreme Court of the State of New York, New York County for purposes of enforcing any award rendered in the arbitration. Each Party, to the fullest extent it may effectively do so under applicable law, rule or regulation, irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim and cause of action that it is not subject to the jurisdiction of any such court, any objection that it may have or may hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that suit has been brought in an inconvenient forum.

34.8 To the extent that either Party or any of its property is or becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise, from (a) any legal action, suit, arbitration proceeding or other proceeding, (b) set-off or counterclaim, (c) the jurisdiction of any court of competent jurisdiction, (d) service of process, (e) relief by way of injunction, order for specific performance, or for recovery of property, (f) attachment of its assets prior to judgement or after judgement, (g) attachment in aid of execution or levy, (h) execution or enforcement of any decree or judgement, or (i) judgement or jurisdiction, that Party, for itself and its property, does, to the full extent permitted by applicable law, rule or regulation, hereby irrevocably and unconditionally waive all rights to, and agrees not to plead or claim, any such immunity with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement, or the subject matter hereof. Such agreement shall be irrevocable and not subject to withdrawal in any and all jurisdictions included under the Foreign Sovereign Immunities Act of 1976 of the United States of America.

ARTICLE 35 - INTENTIONALLY DELETED

ARTICLE 36 - SUCCESSORS

36.1 This Agreement shall inure to the benefit of and be binding upon each of BRAD and Buyer and their respective successors and permitted assignees.

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Initials

Buyer _____ BRAD _____

ARTICLE 37 - NOTICES

37.1 Any notice, request, approval, permission, consent or other communication ("Notice"), to be given or required under this Agreement shall be provided in writing, by registered mail, facsimile, courier, telegraphic or other electronic communication providing reasonable proof of transmission, except that no notice shall be sent by mail if disruption of postal service exists or is threatened either in the country of origin or of destination, by the party giving the Notice and shall be addressed as follows:

(a) Notice to BRAD shall be addressed to:

Bombardier Inc.
Bombardier Regional Aircraft Division
123 Garratt Boulevard
Downsview, Ontario
Canada
M3K 1Y5
Attention: Director of Contracts
Telex:06-22128
Facsimile: (416) 375-4533

(b) Notice to Buyer shall be addressed to:

AMR Eagle Holding Corporation
4333 Amon Carter Blvd.
MD 5494
Fort Worth, Texas 76155
USA
Attn: Senior Vice President of Planning
Phone: (817) 967-3905
Fax: (817) 967-0977

(c) With a courtesy copy to:

American Airlines, Inc.
4333 Amon Carter Blvd.
MD 5675
Fort Worth, Texas 76155
USA
Attn: Corporate Secretary
Phone: (817) 967-1254
Fax: (817) 967-2937

Initials

Buyer _____ BRAD _____

- 37.2 Notice given in accordance with Article 37.1 shall be deemed sufficiently given to and received by the addressees:
- (a) if delivered by hand, on the day when the same shall have been so delivered; or
 - (b) if mailed or sent by courier on the day indicated on the corresponding acknowledgement of receipt; or
 - (c) if sent by telex or facsimile on the day indicated by the acknowledgement or the answer back of the receiver in provable form.

37.3 Each Party irrevocably appoints CT Corporation, with offices on the date hereof at 1633 Broadway, New York, New York 10019 (hereinafter referred to as the "Process Agent"), to receive, for it and on its behalf, service of process (except for any notices pursuant to a proceeding under Article 34 hereof, for which notices shall be provided as set forth in Article 37.1 hereof). If for any reason the Process Agent is unable to act as such, each Party will promptly notify the other Party and within thirty (30) days appoint a substitute process agent acceptable to the other Party. The Parties irrevocably consent to service of process given in the manner provided for notices in Article 34. Nothing in this Agreement will affect the right of either Party to serve process in any other manner permitted by law.

ARTICLE 38 - NO WAIVER

38.1 No waiver of any breach or obligation under this Agreement by either Party shall constitute a waiver of any subsequent similar breach or obligation or of any other provision hereof. No waiver shall be effective unless made in writing and signed by a duly authorized representative of the waiving Party.

ARTICLE 39 - TIME

39.1 Time is of the essence with respect to the performance of the provisions hereof.

ARTICLE 40 - FURTHER ASSURANCES

40.1 Each Party shall do and perform, at such Party's expense, such further acts and execute and deliver such further instruments and documents as may be required by applicable law, rule or regulation or as may be reasonably requested by the other Party to effectuate the purposes of this Agreement.

ARTICLE 41 - LANGUAGE

41.1 The parties hereto have expressly required that this Agreement be drafted in English. Les parties aux presentes ont expressement exige que la presente entente soit redigee en anglais.

Initials

Buyer _____ BRAD _____

ARTICLE 42 - EFFECT OF TERMINATION

42.1 Notwithstanding any other provision of this Agreement, in the event this Agreement is terminated, whether in whole or in part, the Parties' [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 43 - STATUS OF AFFILIATES OF BUYER

43.1 Where Buyer's right to a benefit under this Agreement is determined by the number of Aircraft operated by the Buyer or the length of ownership of an Aircraft by Buyer, any Aircraft operated by affiliates of Buyer shall count as Aircraft operated by Buyer.

ARTICLE 44 - MUTUAL AGREEMENT

44.1 Buyer and BRAD agree that this Agreement has been the subject of discussions and negotiations and is fully understood by the Parties and that the Purchase Price of each Aircraft and the other mutual agreements of the Parties set forth herein have been arrived at in consideration of the other provisions contained in this Agreement, including related services, the [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] and the limitation of liability provisions contained in this Agreement.

ARTICLE 45 - SURVIVAL

45.1 The provisions of Articles 25 and 34 shall survive the termination of this Agreement, in accordance with their terms.

ARTICLE 46 - COUNTERPARTS

46.1 This Agreement may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one (1) and the same instrument. Execution may be effected by delivery of facsimiles of signature pages (and the Parties shall follow such delivery by prompt delivery of originals of such pages).

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Initials

Buyer _____ BRAD _____

IN WITNESS WHEREOF THIS AGREEMENT WAS SIGNED ON THE DATE WRITTEN HEREOF:

For and on behalf of
AMR EAGLE HOLDING CORPORATION:

For an on behalf of
BOMBARDIER INC.:

Per: _____
Daniel P. Garton
Title: President

Per: _____
Title: _____

Per: _____
Title: _____

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Initials
Buyer _____ BRAD _____

SCHEDULES

SCHEDULE A	--	SPECIFICATION
SCHEDULE B	--	BUYER SELECTED OPTIONAL FEATURES
SCHEDULE C	--	CUSTOMER SUPPORT SERVICES
	--	TECHNICAL SUPPORT
	--	SPARE PARTS, GSE, TOOLS AND TEST EQUIPMENT
	--	TRAINING
	--	TECHNICAL DATA
SCHEDULE D	--	WARRANTY AND SERVICE LIFE POLICY
SCHEDULE E	--	DELIVERY SCHEDULE
SCHEDULE F	--	CERTIFICATE OF ACCEPTANCE
SCHEDULE G	--	BILL OF SALE
SCHEDULE H	--	CERTIFICATE OF RECEIPT OF AIRCRAFT
SCHEDULE I	--	ECONOMIC ADJUSTMENT FORMULA
SCHEDULE J	--	BUYER FURNISHED EQUIPMENT
SCHEDULE K	--	CHANGE ORDER

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Buyer _____ BRAD _____

SCHEDULE A
SPECIFICATION

RAD - 670 - 111
ISSUE NC
OCTOBER 1997

Page 2

Initials

Buyer ____ BRAD ____

SCHEDULE B

BUYER SELECTED OPTIONAL FEATURES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Page 3

Initials

Buyer _____ BRAD _____

SCHEDULE C

CUSTOMER SUPPORT SERVICES

TECHNICAL SUPPORT, SPARE PARTS, TRAINING AND
TECHNICAL DATA

The following Customer Support Services are those services to which reference is made in Article 3 of the Agreement.

ARTICLE 1 - TECHNICAL SUPPORT

1.1 SERVICE

BRAD agrees to maintain or cause to be maintained the capability to respond to Buyer's technical inquiries, to conduct investigations concerning repetitive maintenance problems and to issue findings and recommend action thereon. This service shall be provided [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

1.2 FIELD SERVICE REPRESENTATIVE AND START UP TEAM

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 2 - SPARE PARTS, GSE, TOOLS AND TEST EQUIPMENT

2.0 DEFINITIONS

(a) "BRAD PARTS":

are any parts, ground support equipment, tools and test equipment which bear an in-house Cage Code number in the BRAD Provisioning Files (as that expression is defined in ATA Specification 200).

(b) "POWER PLANT PARTS":

are any power plant or power plant part or assembly carrying the power plant manufacturer's part number or any part furnished by the power plant manufacturer for incorporation on the Aircraft.

(c) "VENDOR PARTS":

are any parts, ground support equipment, tools and test equipment for the Aircraft which are not BRAD Parts or Power Plant Parts.

Initials

Buyer _____ BRAD _____

- (d) "SPARE PARTS":
are all materials, parts, assemblies, special tools and items of equipment, including ground support equipment, BRAD Parts, Power Plant Parts and Vendor Parts ordered for the Aircraft by Buyer from BRAD.
- (e) "ORDER":
is any order for Spare Parts issued by Buyer to BRAD.
- (f) "TECHNICAL DATA":
shall have the meaning attributed to it in Schedule C Article 4.1.
- (g) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (h) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.1 TERM AND APPLICABILITY

The term of this Schedule C Article 2 shall become effective on the date hereof and shall, except as otherwise provided herein, remain in full force and effect with respect to the purchase and sale of Spare Parts for each Aircraft [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.2 ORDER TERMS

Terms and conditions hereof shall apply to all Orders placed by Buyer with BRAD in lieu of any terms and conditions in Buyer's or BRAD's purchase orders.

2.3 PURCHASE AND SALE OF SPARE PARTS

2.3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.4.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Initials

Buyer _____ BRAD _____

2.4.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.5 PURCHASE OF VENDOR PARTS & POWER PLANT PARTS

Except for Vendor Parts ordered through BRAD which are covered by Article 2.13.2 hereof, Vendor Parts shall be delivered [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.6 SPARE PARTS PRICING

2.6.1 SPARE PARTS PRICE CATALOGUE

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.6.2 BRAD PRICES FOR VENDOR PARTS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.6.3 QUOTATIONS

2.6.3.1 Price and delivery quotations for items not included in the Spare Parts Price Catalogue shall be provided at Buyer's request by BRAD. Such price quotations will be held firm for a period of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] or such longer period as may specified by BRAD.

2.6.3.2 BRAD shall respond to Buyer's request for lead time quotes, price quotes and acknowledge all Orders placed in the following time frame:

- (a) for Spare Parts in the spares classes "S", "A" and "E" and any item in stock, BRAD will respond within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of Buyer's request, and
- (b) for Spare Parts in classes "B", "C", "D" and "N", BRAD will respond within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of Buyer's request.

In responding to Buyer's Order, such acknowledgment shall include price, in US dollars, lead times, scheduled delivery data and other pertinent information. Formal definitions of "S", "A", and "E", "B", "C", "D" and "N" spares classes are attached as Schedule C, Attachment B.

Initials

Buyer _____ BRAD _____

2.6.3.3 For [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.6.4 PRICE APPLICABILITY

The purchase price of BRAD Parts shall be the applicable price set forth in the Spare Parts Price Catalogue (subject to the provisions of this Schedule C) at the time of receipt by BRAD of Buyer's order in the case of BRAD Parts listed in the Spare Parts Price Catalogue or, in the case of BRAD Parts not listed in the Spares Parts Price Catalogue, as quoted by BRAD to Buyer upon request.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.6.5 CURRENCY, CUSTOMS COVERAGE AND TAXES

All Spare Parts Price Catalogue and quotation prices shall be in U.S. dollars and, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.6.6 VENDOR PRICING

BRAD shall use reasonable efforts to require its major vendors [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] ninety (90) calendar day notice period prior to changing a published price.

2.7 PROVISIONING

2.7.1 PRE-PROVISIONING/PROVISIONING CONFERENCE

Pre-provisioning and provisioning conferences shall be convened on dates to be mutually agreed between Buyer and BRAD in order to:

- (a) discuss the operational parameters to be provided by Buyer to BRAD which BRAD considers necessary for preparing its quantity

recommendations for initial provisioning of Spare Parts to be purchased from BRAD or vendors ("Provisioning Items");

- (b) review Buyer's ground support equipment and special tool requirements for the Aircraft;

Initials

Buyer _____ BRAD _____

- (c) discuss the format of the provisioning documentation to be provided to Buyer from BRAD for the selection of Provisioning Items; and
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

The time and location of the pre-provisioning conference shall be mutually agreed upon between the parties; however, BRAD and Buyer shall use their reasonable efforts to convene such meeting within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] days after execution of the Agreement.

2.8 INITIAL PROVISIONING DOCUMENTATION

Initial provisioning documentation for BRAD Parts and Vendor Parts shall be provided by BRAD as follows:

- (a) As soon as practical, but in no event later than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] months prior to the Scheduled Delivery Month of the first Aircraft, BRAD shall provide to Buyer the following documents (each of which shall be in English and shall utilize US measurements): (i) a complete initial provisioning recommendation that includes all proprietary parts, third party vendor items, consumables, hardware, and lubricants, which initial provisioning recommendation shall be provided in an electronic format mutually agreed upon by the Parties, provided same is not in [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION], as well as in hard copy format and (ii) a customized recommendation for tooling special-to-type and standard ground support equipment required for maintenance of the Aircraft. Subject to the requirements of Article 2.7.1(d), BRAD shall also arrange an initial provisioning conference to be held at an agreed to facility and date with Buyer.

Revisions to this provisioning data shall be issued by BRAD every [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] days [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] or as may be mutually agreed;

- (b) For further clarity, BRAD will use commercially reasonable efforts to ensure that initial provisioning data supplied to Buyer shall comply with the latest certification standard of the Aircraft and that said data shall allow ordering of Spare Parts consistent with the status of the parts installed on the Aircraft. The foregoing is provided on the premise that any changes required to the initial provisioning list as a result of changes to the mod status of the Aircraft from the date of the

Initials

Buyer _____ BRAD _____

compilation of the initial provisioning data to the delivery of the last Aircraft are subject to an approved corresponding revision of BRAD's Spare Parts recommendation.

- (c) Buyer shall place initial provisioning purchase orders within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] after reaching mutual agreement on the initial provisioning recommendation provided to Buyer by BRAD at the initial provisioning conference. BRAD and Buyer shall also review the initial provisioning requirements to establish a list of Spare Parts having lead times which fall outside the delivery of the first Aircraft to Buyer. BRAD shall use commercially reasonable efforts to ensure that those lead times which fall outside of the delivery of the first Aircraft are improved in order to adequately support entry of the Aircraft into service and sustained service.
- (d) The Illustrated Parts Catalogue designed to support provisioning shall be issued concurrently with provisioning data files and revised at [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] calendar day intervals.
- (e) As soon as may be practical, but in no event later than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the Scheduled Delivery Month of the first Aircraft, BRAD shall provide a cross reference/interchangeable parts listing, including, but not limited to, hardware, sealants, adhesives, and electrical connectors for the Aircraft within a period consistent with Buyer's schedule of revenue service introduction. Such listing shall cross reference parts to standard aeronautical ("AN"), military ("MS") or other norms. Thereafter, BRAD shall regularly provide in printed format and in a mutually agreed electronic format [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION], data detailing interchangeable, superseded, and obsolete part number information.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Until [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] BRAD shall, at Buyer's request and subject to the exceptions in Schedule C Article 2.8.4,

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Initials

Buyer _____ BRAD _____

2.8.5 NOTIFICATION AND FORMAT

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Buyer's notification shall include a detailed summary, in part number sequence, of the Provisioning Items [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Such summary shall be in the form of listings as may be mutually agreed between BRAD and Buyer, and shall include part number, nomenclature, purchase order number, purchase order date and quantity [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] after receipt of Buyer's notification BRAD shall advise Buyer, in writing, when BRAD's review of such summary from Buyer will be completed which shall in all cases be within a reasonable period of time.

2.8.6 REVIEW AND ACCEPTANCE BY BRAD

Upon completion of BRAD's review of any detailed summary submitted by Buyer pursuant to Schedule C Article 2.8.5, BRAD shall issue to Buyer a Material [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.8.8 INTENTIONALLY LEFT BLANK

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.9 PROCEDURE FOR ORDERING SPARE PARTS

Orders for Spare Parts may be placed by Buyer to BRAD by any method of order placement (including but not limited to SITA, ARINC, telecopier, letter, telex, facsimile, telephone or hard copy purchase order).

2.9.1 REQUIREMENTS

Orders shall include at a minimum Buyer's purchase order number, part number, nomenclature, quantity, delivery schedule requested, shipping instructions and BRAD's price, if available. Buyer agrees that orders placed with BRAD shall be in an electronic format mutually agreed upon by the Parties or such other format as the Parties may agree upon.

Initials

Buyer ____ BRAD ____

2.9.2 PROCESSING OF ORDERS

Upon acceptance of any Order, unless otherwise directed by Buyer, BRAD shall, if the Spare Parts are in stock, proceed immediately to prepare the Spare Parts for shipment to Buyer. If BRAD does not have the Spare Parts in stock, BRAD shall proceed immediately to acquire or manufacture the Spare Parts. Subject to the terms and conditions of this Schedule C, the purchase order status and actions related to the shipment of Spare Parts shall be generally consistent with the provisions of the World Airline Suppliers Guide and the applicable portions of ATA Specification 300, as applicable to Buyer.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.10 PACKING

All Spare Parts ordered shall be packed to meet ATA 300 standards as amended from time to time. All AOG orders will be handled, processed, packed and shipped separately.

2.11 PACKING LIST

BRAD shall insert in each shipment a packing list/release note itemized to show:

- (a) the contents of the shipment,
- (b) the approved signature of BRAD's TC authority attesting to the airworthiness of the Spare Parts, and
- (c) value of the shipment for customs clearance, if required, and
- (d) Shipments correctly marked for customs purpose.

2.12 CONTAINER MARKS

Upon Buyer's request each container shall be marked with shipping marks as specified on the Order. In addition BRAD shall, upon request, include in the markings: gross weight and cubic measurements.

2.13 DELIVERY, TITLE AND RISK OF LOSS

2.13.1 DELIVERY POINT

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.15 FREIGHT FORWARDER

If Buyer elects to use the services of a freight forwarder for the onward movement of Spare Parts, Buyer agrees to release BRAD from and indemnify it for any liability for any

Initials

Buyer _____ BRAD _____

finances or seizures of Spare Parts imposed under any governmental goods in transit regulations. Any such fines levied against BRAD will be invoiced to Buyer and any Spare Parts seized under such regulations will be deemed to be received, inspected, and accepted by Buyer at the time of seizure.

2.16 REIMBURSEMENT OF EXPENSES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.18 INSPECTION AND ACCEPTANCE

All Spare Parts shall be subject to inspection by Buyer at their destination. Use of Spare Parts or failure of Buyer to give notice of rejection within thirty (30) days after actual receipt shall constitute acceptance. Acceptance shall be final and Buyer waives the right to revoke acceptance for any reason, whether or not known to Buyer at the time of acceptance.

2.19 REJECTION

Any notice of rejection referred to in Schedule C Article 2.18 shall specify the reasons for rejection. BRAD shall, at its option, correct, repair or replace the rejected damaged or defective Spare Parts. Buyer shall, upon receipt of BRAD's written instructions and Material Return Authorization ("MRA") number, return a rejected, damaged or defective Spare Part to BRAD at its specified plant, or other destination as may be mutually agreeable. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] BRAD shall return such Spare Part or replacement as soon as reasonably possible. Any corrected, repaired or replacement Spare Parts shall be subject to the provisions of this Agreement.

Initials

Buyer ____ BRAD ____

PAYMENT

The payment terms shall be net [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of invoice date. Any overdue amount shall bear interest from the due date until actual payment is received by BRAD at the Interest Rate.

2.21 PAYMENT FOR PROVISIONING ITEMS

Payment of the balance for Provisioning Items shall be made by Buyer immediately within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]. Any overdue amount shall bear interest at the Interest Rate from the date of delivery until actual payment is received by BRAD.

2.22 INTENTIONALLY DELETED

2.23 INTENTIONALLY DELETED

2.24 INTENTIONALLY DELETED

2.25 INTENTIONALLY DELETED

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.27 INTENTIONALLY DELETED

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 3 TRAINING

3.1 GENERAL TERMS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 4 - TECHNICAL DATA

4.1 TECHNICAL DATA PROVIDED

4.1.1 BRAD shall furnish to Buyer the Technical Data described in Attachment A hereto (the "Technical Data") in quantities set forth in Schedule C Attachment A

Initials

Buyer ____ BRAD ____

at no charge to Buyer. The Technical Data shall be in the English language and shall provide information on items manufactured according to BRAD's detailed design and in those units of measures used in the Specification or as may otherwise be required to reflect Aircraft instrumentation as may be mutually agreed. Applicable revision services will be provided at no charge to Buyer for the period commencing on the [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

4.1.2 Upon Buyer's request and at least [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the first day of the Scheduled Delivery Month of the first Aircraft or as the Parties may otherwise agree, BRAD will provide, at no charge to Buyer and in the form then available, [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.] of the sets of technical publications provided for Article 4.1.1 above, which shall be updated by BRAD from time to time. These publications will be made available in paper or electronic (digital) format, where available, at Buyer's option as soon as they are available.

4.2 SHIPMENT

Technical Data provided hereunder shall be delivered to the facilities designated by Buyer in the United States and at the time indicated in Attachment A. BRAD shall provide to Buyer, as part of the publications included under this Agreement and at no cost to Buyer, preliminary Illustrated Parts Catalogs ("IPCs") and Component Maintenance Manuals ("CMMs") prior to the first initial provisioning conference, the delivery of the manuals is tentatively scheduled at [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the first day of the Scheduled Delivery Quarter.

4.3 PROPRIETARY TECHNICAL DATA

It is understood and Buyer acknowledges that the Technical Data provided herein is proprietary to BRAD and all rights to copyright belong to BRAD and the Technical Data shall be kept confidential by Buyer. Buyer agrees to use the Technical Data solely to maintain, operate, overhaul or repair the Aircraft or to make installation or alteration thereto subject to the provisions of the Agreement.

Technical Data shall not be disclosed to third parties or used by Buyer or furnished by Buyer for the design or manufacture of any aircraft or Spare Parts including BRAD Parts or items of equipment, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]. Notwithstanding the foregoing, Buyer shall inform its employees of the confidential nature of the Technical Data and otherwise use due care and diligence with respect to the protection of the confidential nature of the Technical Data, including the identification and labelling of the Technical Data as confidential.

Initials

Buyer ____ BRAD ____

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION]

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Initials

Buyer ____ BRAD ____

ATTACHMENT A
SCHEDULE C
LIST OF TECHNICAL DATA
COLUMN HEADING EXPLANATION OF CODES

ITEM 1	DOC	DOCUMENT	
		Title of Technical Data provided.	
2	CONFIG	CONFIGURATION	
		G = Contains data common to all aircraft of the same type (Generic).	
		C = Contains data unique to Buyer's Aircraft (Customized).	
3	MEDIUM	Buyer selects one of the following media specified in the table:	
		1	= Print two sides
		3	= Print one side
		4	= Laminated Cardboard
		5	= Digital (CD ROM -will be provided, subject to availability)
4	REVISION	Y	= Periodic revision service applies
		N	= Revision service not applicable
		S	= Revised as required by BRAD
5	QUANTITY (Number) (Number) PER		= Quantity per the Agreement
			= Quantity per Aircraft
6	DELIVERY	[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]	
7	ATA	Y	= Document is per ATA Specification 100, Revision 26.
		N	= Document is to BRAD's existing commercial practices.

Initials

Buyer ____ BRAD ____

TECHNICAL DATA
REGIONAL JET

ITEM	DOC	CONF	MEDIUM	*	REV	*	ATA	REMARKS
1.	AIRCRAFT MAINTENANCE MANUAL (AMM)	G	1, 5	*	Y	*	Y	
2.	ILLUSTRATED PARTS MANUAL/CATALOG (IPC)	G	1, 5	*	Y	*	Y	NOTE 6
3.	STRUCTURAL REPAIR MANUAL (SRM)	G	1, 5	*	Y	*	Y	
4.	COMPONENT MAINTENANCE MANUAL (CMM)	G	1, 5	*	Y	*	Y	NOTE 6
5.	POWER PLANT BUILD-UP MANUAL	G	1, 5	*	Y	*	Y	
6.	WIRING DIAGRAM MANUAL	C	1, 5	*	Y	*	Y	
7.	ILLUSTRATED TOOL & EQUIPMENT MANUAL (ITEM)	G	1, 5	*	Y	*	Y	
8.	SERVICE BULLETINS	G	1, 5	*	S	*	Y	NOTE 2
9.	NON DESTRUCTIVE TEST MANUAL (NDT)	G	1, 5	*	Y	*	Y	
10.	MAINTENANCE PROGRAM DOCUMENT (MPD)	G	1, 5	*	S	*	Y	NOTE 3
11.	FAA OR DOT AIRPLANE FLIGHT MANUAL (AFM)	C	1, 5	*	S	*	N	
12.	WEIGHT & BALANCE MANUAL	G	1, 5	*	Y	*	Y	
13.	MASTER MINIMUM EQUIPMENT LIST (MMEL)	G	1, 5	*	S	*	N	
14.	QUICK REFERENCE HANDBOOK	C	1, 5	*	S	*	N	
15.	FLIGHT CREW OPERATING MANUAL (FCOM)	C	1, 5	*	S	*	N	NOTE 1
16.	MAINTENANCE TASK CARDS	C	3, 5	*	S	*	N	
17.	FLIGHT PLANNING & CRUISE CONTROL MANUAL	G	1, 5	*	S	*	N	
18.	AIRCRAFT CHARACTERISTICS FOR AIRPORT PLANNING	G	1, 5	*	N	*	N	NOTE 4
20.	MAINTENANCE FACILITIES & EQUIPMENT PLANNING MANUAL	G	1, 5	*	S	*	N	
21.	SYSTEM SCHEMATIC MANUAL (SSM)	G	1, 5	*	Y	*	Y	
22.	PASSENGER INFORMATION SHEET	G	3, 5	*	S	*	N	NOTE 5
23.	PILOT CHECKLIST	C	4, 5	*	S	*	N	
24.	CRASH CREW CHART	G	4, 5	*	S	*	N	
25.	DISPATCH DEVIATION GUIDE	G	1, 5	*	S	*	N	
26.	POWER PLANT GROUND RUN MANUAL	G	1, 5	*	S	*	N	
27.	FAULT ISOLATION MANUAL (FIM)	C	1, 5	*	Y	*	N	

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Initials

Buyer _____ BRAD _____

28.	REFUEL/DEFUEL HANDBOOK	G	1, 5	*	Y	*	Y
29.	ATA CHAPTER BREAKDOWN	G	1, 5	*	Y	*	Y
30.	COMPUTER SELF-TEST/BITE RESET USER GUIDE	G	1, 5	*	S	*	N

*[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

** To the extent there are unique characteristics in the publication that are specific to any aircraft, BRAD shall provide additional copies of the applicable pages necessary for incorporation into a master document.

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Initials

Buyer _____ BRAD _____

- NOTE 1: REVISION SERVICE
 . Provided the revision service is being supplied under the terms of this Agreement or by subsequent purchase order, BRAD shall incorporate in the applicable documents all applicable BRAD originated Service Bulletins in a regular revision following formal notification by Buyer that such Service Bulletins shall be accomplished on the Buyer's Aircraft. The manuals shall then contain both original and revised configuration until Buyer advises BRAD in writing that one configuration is no longer required.
- NOTE 2: SERVICE BULLETINS
 Aperture cards of the service drawing(s) will be provided in lieu of drawings when practical.
- NOTE 3: MAINTENANCE PROGRAM DOCUMENT
 This manual provides the basis for Buyer's initial maintenance program.
- NOTE 4: AIRCRAFT CHARACTERISTICS FOR AIRPORT PLANNING
 This manual contains data on Aircraft ground manoeuvre and handling.
- NOTE 5: PASSENGER INFORMATION CARDS
 BRAD will provide one (1) reproducible master for the preparation of passenger information cards. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- NOTE 6: IPC AND CMM MANUALS
 Delivered prior to the IPC Conference, subject to availability

Initials

Buyer ____ BRAD ____

ATTACHMENT B
SCHEDULE C

SPARE PARTS CLASSIFICATION DEFINITIONS

Three dimensions have been selected to establish the classifications:

[Class: Stock Classification, as defined by World Airline Supplier's Guide (W.A.S.G.)]

Dollar Value: Based on extended sales volume.

Hits: The number of customer orders placed for a given item.

Priority: Frequency of AOGs.

Each part is classified independently on the above criteria. When an item receives different classes, the highest class has been selected; for example, if a part was a very low dollar value (e.g. "D") but was frequently used (e.g. "A"), it would be an "A".

In addition to the above, BRAD has introduced two (2) other dimensions:

Unit Cost: The unit value of an item will be monitored to ensure that items which are the very high cost drivers are segregated.

New Parts: The date a part was created will be monitored to ensure that items which had never been ordered but have recently started having usage are monitored closely.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION]

Initials

Buyer ____ BRAD ____

SCHEDULE D

WARRANTY AND SERVICE LIFE POLICY

ARTICLE 1 - WARRANTY

The following warranty (the "warranty") is that to which reference is made in Article 3 of the Agreement.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 3 - SERVICE LIFE POLICY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ARTICLE 4 - GENERAL

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

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Initials

Buyer _____ BRAD _____

SCHEDULE D
ATTACHMENT A
CRJ 700
COVERED COMPONENTS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION]

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Buyer _____ BRAD _____

SCHEDULE E-1

Firm Aircraft Delivery Schedule

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

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Buyer _____ BRAD _____

SCHEDULE E-2

OPTION AIRCRAFT DELIVERY SCHEDULE

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION]

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Initials

Buyer _____ BRAD _____

CERTIFICATE OF ACCEPTANCE

The undersigned hereby acknowledges on behalf of Buyer that the Aircraft bearing manufacturer's serial number _____ fitted with two (2) General Electric CF-34-8C1 turbofan engines bearing serial numbers _____ and _____ has been satisfactorily ground and flight tested, and is [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] in accordance with the terms and conditions of this Agreement signed on the 31st day of January, 1998 between Bombardier Inc., represented by and through its Bombardier Regional Aircraft Division, and Buyer.

Place: _____ Date: _____

SIGNED FOR AND ON BEHALF OF
 AMR EAGLE HOLDING CORPORATION

Per: _____

Title: _____

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Initials

Buyer ____ BRAD ____

SCHEDULE G

WARRANTY BILL OF SALE

1. FOR VALUABLE CONSIDERATION, BOMBARDIER INC., REPRESENTED BY AND THROUGH ITS BOMBARDIER REGIONAL AIRCRAFT DIVISION ("BRAD"), OWNER OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

ONE CANADAIR REGIONAL JET MODEL CL-600-2C10 AIRCRAFT BEARING:

MANUFACTURER'S SERIAL NO.: _____, TOGETHER

WITH TWO (2) GENERAL ELECTRIC COMPANY CF34-8C1 JET ENGINES SERIAL NOS. _____

AND

ONE (1) AUXILIARY POWER UNIT NO.: _____

AND ALL APPLIANCES, PARTS, INSTRUMENTS, APPURTENANCES, ACCESSORIES, FURNISHINGS OR OTHER EQUIPMENT OR PROPERTY INSTALLED ON OR ATTACHED TO SAID AIRCRAFT, ENGINES AND AUXILIARY POWER UNIT (TOGETHER WITH SUCH AIRCRAFT, ENGINES AND AUXILIARY POWER UNIT BEING THE "AIRCRAFT")

DOES THIS _____ DAY OF _____ 200_____ HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHT, TITLE AND INTEREST IN AND TO SUCH AIRCRAFT UNTO: _____.

BY VIRTUE OF THE EXECUTION OF THIS BILL OF SALE, BRAD HEREBY DIVESTS ITSELF OF ALL ITS RIGHT, TITLE AND INTEREST OF ANY KIND IN THE AIRCRAFT, IN FAVOUR OF BUYER.

BRAD WARRANTS TO BUYER, ITS SUCCESSORS AND ASSIGNS THAT ON THE DATE HEREOF IT IS THE LAWFUL OWNER OF GOOD, VALID AND MARKETABLE TITLE IN AND TO THE AIRCRAFT AND HAS GOOD RIGHT TO SELL THE SAME AND THAT SUCH TITLE TO THE AIRCRAFT IS ON THE DATE HEREOF FREE AND CLEAR OF ALL CLAIMS, LIENS, ENCUMBRANCES AND RIGHTS OF OTHERS OF ANY NATURE WHATSOEVER (OTHER THAN THOSE CREATED BY OR THROUGH BUYER) AND THAT BRAD WILL DEFEND

Initials
Buyer _____ BRAD _____

SUCH TITLE FOREVER AGAINST SUCH CLAIMS, LIENS, ENCUMBRANCES AND RIGHTS OF OTHERS OF ANY NATURE WHATSOEVER (OTHER THAN THOSE CREATED BY OR THROUGH BUYER).

THIS WARRANTY BILL OF SALE, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

BUYER:

PLACE: _____ TIME: _____

For and on behalf of

Bombardier, Inc.

Per: _____

Title: _____

Initials

Buyer ____ BRAD ____

CERTIFICATE OF RECEIPT OF AIRCRAFT

THE UNDERSIGNED HEREBY ACKNOWLEDGES TO HAVE TAKEN ACTUAL DELIVERY (AS DEFINED IN THE PURCHASE AGREEMENT DATED JANUARY 31, 1998 BY AND BETWEEN BOMBARDIER INC. AND AMR EAGLE HOLDING CORPORATION) FROM BOMBARDIER INC., REPRESENTED BY ITS BOMBARDIER REGIONAL AIRCRAFT DIVISION ("BRAD"), AT THE DORVAL AIRPORT, ADJACENT TO BRAD'S PLANT IN DORVAL, PROVINCE OF QUEBEC, CANADA, ON THE _____ DAY OF _____, AT THE HOUR OF _____ O'CLOCK, ONE (1) / CANADAIR REGIONAL JET AIRCRAFT MODEL CL-600-2C10 AIRCRAFT, BEARING SERIAL NUMBER _____, INCLUDING WITH THE AIRCRAFT TWO (2) CF34-8C1 TURBOFAN ENGINES BEARING MANUFACTURER'S SERIAL NUMBERS _____ & _____ AND OTHER MAJOR REPLACEABLE ACCESSORIES ATTACHED TO THE AIRCRAFT AND ENGINES.

Signed for and on behalf of
 AMR Eagle Holding Corporation

Per: _____

Title: _____

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Initials

Buyer ____ BRAD ____

SCHEDULE I

ECONOMIC ADJUSTMENT FORMULA

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

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Initials

Buyer ____ BRAD ____

SCHEDULE J

BUYER FURNISHED EQUIPMENT LIST
AND APPLICABLE CREDITS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]

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Initials

Buyer _____ BRAD _____

SCHEDULE K

CHANGE ORDER

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Initials

Buyer _____ BRAD _____

CONTRACT CHANGE ORDER

PURCHASER:

PURCHASE AGREEMENT NO.: AIRCRAFT
TYPE:

C.C.O. NO.: DATED:
PAGE ___ OF ___

REASON FOR CHANGE:

DESCRIPTION OF CHANGE (including time of implementation and price impact, if any):

ALL OTHER TERMS AND CONDITIONS OF THE AGREEMENT WILL REMAIN UNCHANGED

For administrative purposes only, a consolidation of the amendments contained in this CCO is attached. In the event of inconsistencies between the consolidation and this CCO, this CCO shall prevail.

FOR AND ON BEHALF OF: FOR AND ON BEHALF OF:

BOMBARDIER INC. BUYER:

SIGNED: SIGNED:

DATE: DATE:

Initials

Buyer BRAD

LIST OF LETTER AGREEMENTS

LETTER AGREEMENT	TOPIC
01	*
02	Aircraft Purchase Options
03	Option Aircraft Payment Schedule
04	*
05	Spares Support *
06	*
07	*
08	*
09	*
10	*
11	*
12	Product Improvements
13	*
14	*
15	*
16	*
17	*
18	*
19	*
20	Volume Spares Parts Credit
21	Aircraft Simulator

*[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

LA Index
to Purchase Agreement 390

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3/11/98

Initials

Buyer ____ BRAD____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 01 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division, ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

4.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement or Schedule 1. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

Yours very truly,
BOMBARDIER INC.

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

LA No. 01 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer ____ BRAD____

Vice President, Contracts
Bombardier Regional Aircraft Division

Daniel P. Garton
President

Date: January 31, 1998

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

LA No. 01 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

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Initials

Buyer ____ BRAD____

SCHEDULE 1

LA No. 01 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: AIRCRAFT PURCHASE OPTIONS

Dear Sirs:

Letter Agreement No. 02 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 4.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.
- 5.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 02 - Option Aircraft
to Purchase Agreement 390

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Initials

Buyer. ____ BRAD ____ -

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 02 - Option Aircraft
to Purchase Agreement 390

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Initials

Buyer. ____ BRAD____ -

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: OPTION AIRCRAFT PAYMENT SCHEDULE

Dear Sirs:

Letter Agreement No. 03 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

1.0 The Basic Aircraft Price of the Option Aircraft shall be established on the same basis as that of the Firm Aircraft referred to in Article 8 of the Agreement except that the [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]. BRAD requires and Buyer shall pay progress payments for the Option Aircraft, as follows:

- (a) A refundable deposit of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] per Option Aircraft is due within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of the execution of the Agreement. Upon execution of the Agreement (pending receipt of such deposit by BRAD), BRAD shall reserve and remove the Option Aircraft from the market for purchase by Buyer;
- (b) A non-refundable [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] progress payment equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of the Basic Aircraft Price of the relevant Option Aircraft (excluding any increase due to the Economic Adjustment Formula and

LA No. 03 - Option Aircraft
to Purchase Agreement 390

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Buyer. ____ BRAD____

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] shall be due at the time the relevant Option Aircraft is exercised;

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to Purchase Agreement 390

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Initials

Buyer. ____ BRAD ____

- (c) A non-refundable [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] progress payment equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of the Basic Aircraft Price of the relevant Option Aircraft excluding any increase due to the Economic Adjustment Formula [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] shall be due [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the first day of the Scheduled Delivery Month of the relevant Option Aircraft;
- (d) The balance of the Purchase Price for each Option Aircraft, after deducting the payments made in this Letter Agreement (a) through (c) above, shall become due and payable on the Actual Delivery Date of the relevant Option Aircraft from BRAD to Buyer; and
- (e) Except as otherwise provided in the Agreement, BRAD shall not be obligated to pay any interest to Buyer on any deposits or progress payments referenced in this Letter Agreement.

2.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

3.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 03 - Option Aircraft
to Purchase Agreement 390

Initials

Buyer. ____ BRAD ____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 03 - Option Aircraft
to Purchase Agreement 390

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3/6/98

Initials

Buyer. _____ BRAD_____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 04 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

1.0 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

3.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 04 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/11/98

Initials

Buyer. ____ BRAD____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 04 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

-2-

3/11/98

Initials

Buyer. _____ BRAD_____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: SPARES SUPPORT AND [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 05 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 2.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.
- 3.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 05 - Spares Support
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 05 - Spares Support
to Purchase Agreement 390

-2-

3/6/98

Initials

Buyer. _____ BRAD_____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 06 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 3.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.
- 4.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement

LA No. 06 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD____

and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 06 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 07 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

6.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior consent of BRAD, except as may be provided for in the Agreement.

7.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 07 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/11/98

Initials

Buyer. ____ BRAD____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 07 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

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3/11/98

Initials

Buyer. ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 08 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 2.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.
- 3.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the

LA No. 08 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD____

Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 08 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. ____ BRAD____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 09 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

1.0 GENERAL:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

6.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

7.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular

LA No. 09 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD____

Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 09 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. ____ BRAD____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 09 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 10 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

12.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

13.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 10 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

Initials

Buyer. ____ BRAD ____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 10 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. _____ BRAD_____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 11 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 5.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.
- 6.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 11 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD ____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 11 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

-2-

3/6/98

Initials

Buyer. ____ BRAD ____

ANNEX A

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

LA No. 11 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-3-

3/11/98

Initials

Buyer. ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: PRODUCT IMPROVEMENTS

Dear Sirs:

Letter Agreement No. 12 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

7.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

8.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 12 Product Improvements
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 12 Product Improvements
to Purchase Agreement 390

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3/6/98

Initials

Buyer. ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 13 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

2.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

LA No. 13 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD____

3.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

Yours very truly,
BOMBARDIER INC.

- -----
Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 13 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. ____ BRAD____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 14 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 7.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.
- 8.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 14 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

Initials

Buyer. ____ BRAD____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January __, 1998

LA No. 14 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

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3/11/98

Initials

Buyer. ____ BRAD____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 15 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

1.0 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

3.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 15 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

Initials

Buyer. ____ BRAD ____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 15 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. _____ BRAD_____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 16 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

- 1.0 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION].
- 2.0 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- 3.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.
- 4.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to

LA No. 16 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

Initials

Buyer. ____ BRAD____

them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 16 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. ____ BRAD____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 17 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

1.0 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.0 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

3.0 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

4.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

5.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in

LA No. 17 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD____

whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 17 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

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3/6/98

Initials

Buyer. ____ BRAD____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 17 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

-3-

3/6/98

Initials

Buyer. ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 18 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 2.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.
- 3.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 18 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. _____ BRAD_____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 18 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

-2-

3/6/98

Initials

Buyer. ____ BRAD____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dear Sirs:

Letter Agreement No. 19 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

3.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 19 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD ____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 19 - [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION]
to Purchase Agreement 390

-2-

3/6/98

Initials

Buyer. ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
 Fort Worth
 Texas, U.S.A.
 76155

Subject: VOLUME SPARES PARTS CREDIT

Dear Sirs:

Letter Agreement No. 20 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

7.0 The provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD, except as may be provided for in the Agreement.

8.0 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 20 Volume Spares Parts Credit
 to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer. ____ BRAD ____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 20 Volume Spares Parts Credit
to Purchase Agreement 390

-2-

3/6/98

Initials

Buyer. ____ BRAD ____

January 31, 1998

AMR Eagle Holding Corporation
Fort Worth
Texas, U.S.A.
76155

Subject: AIRCRAFT TRAINING DEVICES

Dear Sirs:

Letter Agreement No. 21 (this "Letter Agreement") to the Purchase Agreement dated January 31, 1998 (the "Agreement") between Bombardier Inc., represented by its Bombardier Regional Aircraft Division, ("BRAD") and AMR Eagle Holding Corporation ("Buyer") relating to the firm purchase of twenty-five (25) Canadair Regional Jet aircraft and Buyer's option to purchase another twenty-five (25) such aircraft (collectively, the "Aircraft").

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

6.0 MISCELLANEOUS

6.1 Notwithstanding any other provision of the Agreement, the provisions of this Letter Agreement are personal to Buyer and shall not be assigned or otherwise disposed of by Buyer without the prior written consent of BRAD.

6.2 This Letter Agreement constitutes an integral part of the Agreement and is subject to the terms and conditions contained therein. In the event the Agreement is terminated, in whole or with respect to any one (1) or more particular Aircraft, this Letter Agreement subject to the terms of Article 42 shall also be terminated in whole or as to such particular Aircraft, as applicable. All terms not defined herein shall have the meaning ascribed to them in the Agreement. Should there be any inconsistency between this Letter Agreement and the Agreement with respect to the subject matter covered by the terms hereof, then this Letter Agreement shall prevail.

LA No. 21 Aircraft Training Devices
to Purchase Agreement 390

-1-

3/6/98

Initials

Buyer _____ BRAD _____

Yours very truly,
BOMBARDIER INC.

Vice President, Contracts
Bombardier Regional Aircraft Division

Acknowledged and Accepted
AMR EAGLE HOLDING CORPORATION

Daniel P. Garton
President

Date: January 31, 1998

LA No. 21 Aircraft Training Devices
to Purchase Agreement 390

-2-

3/6/98

Initials

Buyer _____ BRAD_____

EMB-145

PURCHASE AGREEMENT NUMBER GCT-026/97

EMBRAER - EMPRESA BRASILEIRA

DE AERONAUTICA S.A.

AND

AMR EAGLE, INC.

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- "K" - FORM OF [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] GUARANTEE

THIS AGREEMENT IS ENTERED INTO AS OF THE 22ND DAY OF DECEMBER, 1997, BY AND BETWEEN EMBRAER - EMPRESA BRASILEIRA DE AERONAUTICA S.A. , A BRAZILIAN CORPORATION WITH ITS HEADQUARTERS LOCATED IN SAO JOSE DOS CAMPOS, BRAZIL, AND AMR EAGLE, INC., A DELAWARE CORPORATION WITH ITS HEADQUARTERS LOCATED IN FORT WORTH, TEXAS, FOR THE PURCHASE AND SALE OF EMB-145LR AIRCRAFT, SERVICES AND RELATED SPARE PARTS.

THIS AGREEMENT SHALL NOT BE EFFECTIVE UNLESS AND UNTIL IT IS SIGNED BY AN AUTHORIZED OFFICER OF AMR EAGLE, INC AND EXECUTED BY TWO AUTHORIZED OFFICERS OF EMBRAER - EMPRESA BRASILEIRA DE AERONAUTICA S.A.

WHEREAS, Buyer intends to buy and Embraer intends to sell certain EMB-145LR aircraft;

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions set forth herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS

For the purpose of this Agreement, the following definitions are hereby adopted by the Parties:

- a. Actual Delivery Date - and Actual Delivery - shall have the definitions provided for in Section 7.c hereof.
- b. Aircraft - shall mean the EMB-145LR aircraft or, where there is more than one of such Aircraft, each of the EMB-145LR aircraft, manufactured by Embraer, for sale to Buyer pursuant to this Agreement, according to the EMB-145 aircraft specification 145-MS-384, dated August 7, 1997 (the "Specification"), Attachment A, and Attachment G hereto. The Specification and the Aircraft Specific Configuration contained in Attachment A shall be substituted by a final customized type specification (the "Custom Type Specification") no later than two (2) months prior to the Scheduled Delivery Date of the first Aircraft.
- c. Basic Price - shall mean the price per Aircraft as defined in Article 3.a.1.

- d. Buyer - shall mean AMR Eagle, Inc., a Delaware corporation, and its successors and permitted assigns (as provided in this Agreement).
- e. CTA - shall mean the Aerospace Technical Center of the Brazilian Ministry of Aeronautics.
- f. Day or Days - shall mean calendar days, unless expressly referenced as a Business Day or Business Days, which shall mean any day other than a Saturday, Sunday, or other day on which banking institutions in Fort Worth, Texas or Sao Paulo, Brazil are required or permitted by applicable law, rule or regulation to be closed.
- g. Delivery Schedule - shall mean the Aircraft delivery schedule as provided in Article 5.c.
- h. Embraer - shall mean Embraer - EMPRESA BRASILEIRA DE AERONAUTICA S.A., a Brazilian corporation.
- i. Engine or Engines - shall mean the two (2) hot and high enhanced performance Allison AE3007A1 high bypass ratio turbofan engines delivered fixed to each airframe.
- j. FAA - shall mean the United States Federal Aviation Administration.
- k. Financing Agreements - shall mean (a) those financing documents to be executed between Buyer and Agencia Especial de Financiamento Industrial ("FINAME") and Banco Nacional de Desenvolvimento Economico e Social ("BNDES") (FINAME and BNDES together, the "Lender"), including but not limited to (i) a Funding Agreement and any and all agreements entered into pursuant to the Funding Agreement, and (ii) a Credit Support Provision Agreement and any and all agreements, including Credit Support Agreements, entered into pursuant to the Credit Support Provision Agreement; and (b) a [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- l. IP Spares - shall mean line replaceable units, spare parts and ground support equipment, except engines, to be selected and purchased by Buyer from Embraer in Brazil pursuant to a third-party financing arrangement as initial provisions, based on the initial provisioning list recommended by Embraer and mutually agreed to by Buyer ("IPL") and delivered in connection with a specific Aircraft.
- m. Parties - shall mean Embraer and Buyer.

- n. Purchase Agreement, or this Agreement - shall mean this Purchase Agreement No. GCT-026/97, all of its Attachments, and Letter Agreement I executed by Buyer and Embraer as of December 22, 1997 ("Letter Agreement I").
- o. Purchase Price - shall mean the total price per Aircraft, effective on the relevant Aircraft's Scheduled Delivery Date, resulting from the application of the escalation formula established in Attachment D (the "Escalation Formula") to the Basic Price as set forth in Article 3.a.1.
- p. Scheduled Delivery Date - shall mean the targeted closing date for each Actual Delivery of Aircraft per Article 5.
- q. Scheduled Delivery Month - shall mean the month in which each Aircraft is scheduled to be delivered per Article 5.
- r. Scheduled Inspection Date - shall mean the date on which Embraer makes each Aircraft available to Buyer for inspection, which date shall be at least [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the Scheduled Delivery Date unless otherwise mutually agreed to in writing by the Parties.
- s. Services - shall mean all of the technical assistance services specified in Article 15.
- t. Spares - shall mean line replaceable units, spare parts and ground support equipment purchased through Embraer, except engines, to be selected from Embraer's illustrated parts catalog and purchased by Buyer, excluding IP Spares.

2. SUBJECT

- a. Embraer shall sell and Buyer shall purchase and take delivery of forty-two (42) newly manufactured Aircraft ("Firm Aircraft") and, if Buyer elects to purchase same, twenty-five (25) newly manufactured option aircraft ("Option Aircraft") upon the terms and conditions contained in this Agreement.
- b. To the extent requested by Buyer, Embraer shall sell and Buyer shall acquire IP Spares and Spares for each of the Aircraft referred to in paragraph (a) above. Buyer has informed Embraer of the Spares and IP Spares selected by Buyer pursuant to the IPL for the first twenty-five (25) Firm Aircraft. In accordance with

Attachment H, Embraer shall, to the extent requested by Buyer, assist Buyer in the selection of Spares and IP Spares.

- c. Embraer shall sell and Buyer shall acquire the Services as specified in Article 15.

3. PRICE

- a. Buyer agrees to pay Embraer, in United States dollars [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] the following prices:
1. For each Firm Aircraft and the first eight (8) Option Aircraft delivered to Buyer pursuant to this Agreement, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] and for each Option Aircraft nine (9) through twenty-five (25), the same amount plus [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] ("Basic Price"). The Basic Price shall be escalated according to the Escalation Formula. The escalated Basic Price (the "Purchase Price") shall be provided to Buyer two (2) months prior to each Aircraft's Scheduled Delivery Date. Except as set forth in this Article the Basic Price constitutes the entire price Buyer shall pay for each individual Aircraft and Services.
 2. For IP Spares ordered pursuant to this Agreement, the aggregate price of all IP Spares with respect to each Aircraft shall not exceed [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] per Aircraft.
- b. The Services shall be provided at no additional cost to Buyer. All other services requested by Buyer to Embraer in writing shall be billed to Buyer in accordance with Embraer's prevailing rates therefor.
- c. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

4. PAYMENT

To secure the Aircraft delivery positions set forth in Article 5.c, and to ensure delivery of the Aircraft in accordance with the Delivery Schedule, Buyer shall pay Embraer for each Aircraft and IP Spares as follows:

a. Relative to each Firm Aircraft:

1. A deposit of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] per Firm Aircraft shall be due and payable by Buyer upon the later of (i) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] This deposit shall be non-refundable (subject to the provisions of Articles 28 and 32.b). This deposit shall be considered part of the payment towards the Basic Price of the relevant Aircraft. The Parties acknowledge that each of the Firm Aircraft has been reserved for purchase by Buyer and has been removed from the market.
2. A non-refundable (subject to the provisions of Articles 28 and 32.b.) progress payment (which shall be considered part of the payment toward the Basic Price of the relevant Aircraft) equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] excluding any increase due to the Escalation Formula, is due and payable upon the later of (i) the date which is eighteen (18) months prior to the first day of the Scheduled Delivery Month of the relevant Firm Aircraft, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
3. A non-refundable (subject to the provisions of Articles 28 and 32.b.) progress payment (which shall be considered part of the payment toward the Basic Price of the relevant Aircraft) equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] excluding any increase due to the Escalation Formula, is due and payable upon the later of (i) the date which is twelve (12) months prior to the first day of the Scheduled Delivery Month of the relevant Firm

Aircraft, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 4. A non-refundable (subject to the provisions of Articles 28 and 32.b.) progress payment (which shall be considered part of the payment toward the Basic Price of the relevant Aircraft) equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] excluding any increase due to the Escalation Formula, is due and payable upon the later of (i) the date which is six (6) months prior to the first day of the Scheduled Delivery Month of the relevant Firm Aircraft, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- 5. The balance of each Firm Aircraft's Purchase Price shall become due and payable as provided herein on each Firm Aircraft's Actual Delivery Date.
- 6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

b. Relative to Option Aircraft:

In the event the Buyer exercises the option to acquire an Option Aircraft as provided for in Article 19, payment for each individual Option Aircraft's Basic Price shall be made as follows:

- 1. A non-refundable (subject to the provisions of Articles 28 and 32.b.) deposit of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] per Option Aircraft is due and payable upon the later of (i) the date of exercise of the respective Option, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] This deposit shall be considered part of the payment towards the Basic Price of the relevant Option Aircraft.
- 2. A non-refundable (subject to the provisions of Articles 28 and 32.b.) progress payment (which shall be considered part of the payment toward the Basic Price of the relevant Option Aircraft) equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] excluding any increase due to the Escalation Formula, shall be due and payable upon the later of (i) the date which is eighteen (18) months prior to the first day of the Scheduled Delivery Month of the

relevant Option Aircraft, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

3. A non-refundable (subject to the provisions of Articles 28 and 32.b.) progress payment (which shall be considered part of the payment toward the Basic Price of the relevant Option Aircraft) equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] excluding any increase due to the Escalation Formula, shall be due and payable upon the later of (i) the date which is twelve (12) months prior to the first day of the Scheduled Delivery Month of the relevant Option Aircraft, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
4. A non-refundable (subject to the provisions of Articles 28 and 32.b.) progress payment (which shall be considered part of the payment toward the Basic Price of the relevant Option Aircraft) equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] excluding any increase due to the Escalation Formula, shall be due and payable upon the later of (i) the date which is six (6) months prior to the first day of the Scheduled Delivery Month of the relevant Option Aircraft, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
5. The balance of each Option Aircraft's Purchase Price shall become due and payable as provided herein upon Actual Delivery of the relevant Option Aircraft from Embraer to Buyer.
6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

c. Relative to IP Spares:

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of the price of the IP Spares for each Aircraft (as set forth in Article 3.a.2 above) shall become due and payable upon the later of (i) the date which is three (3) months prior to the first day of the Scheduled Delivery Month of such Aircraft as specified in Article 5.c, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of such price of the IP Spares for each Aircraft shall become due and payable upon the later of (i) the date which is the date of delivery of the IP Spares for such Aircraft as set forth in Article 5.d, (ii) the date of execution of this Agreement, or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
 3. All payments made pursuant to paragraphs 1 and 2 above should collectively be referred to as the "IP Spares Price."
- d. Interest shall accrue at the rate of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] per month or any part thereof (prorated on the basis of a thirty (30) day month for any partial months) on any amount which is due and owing and which is not paid to Embraer as set forth in paragraphs (a) and (b) of this Article from the third Business Day after the date on which such payments should have been made as therein set forth, until the actual receipt by Embraer of such amounts. Such interest shall be payable on demand by Embraer.
- e. Without prejudice to the above, should Buyer fail to make any payment which is due and owing (other than payments due and owing pursuant to Articles 4.a.5 and 4.b.5 on the due date) Embraer shall have the right, upon three (3) Business Days' written notice to Buyer to delay, at its sole discretion, the relevant Aircraft's Scheduled Delivery Date by one (1) day for each day that the Buyer's payment was delayed. In the event Buyer fails to make a payment due and owing pursuant to Articles 4.a.5 and 4.b.5, on the due date Embraer shall have the right, in its sole discretion, to delay the Relevant Aircraft's Scheduled Delivery Date one (1) day for each day the Buyer's payment due and owing pursuant to Articles 4.a.5 and 4.b.5 was delayed.
- f. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

g. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

h. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

5. DELIVERY

a. SCHEDULED DELIVERY DATE: The Aircraft shall be delivered per the Aircraft Delivery Schedule set forth in paragraph (c) of this Article.

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- b. LOCATION: Each Aircraft shall be delivered to Buyer free and clear of all liens, claims, charges, and encumbrances of any nature whatsoever. Delivery of each Aircraft shall take place in Sao Jose dos Campos, Brazil. At delivery, each Aircraft shall fully conform to the delivery specifications set forth herein, and shall otherwise conform to the terms of this Agreement.
- c. AIRCRAFT DELIVERY SCHEDULE: Subject to payment in accordance with Article 4 and each Party's compliance with the terms and conditions of this Agreement, the Aircraft shall be made available for delivery by Embraer to Buyer, in the condition provided by this Agreement, at Sao Jose dos Campos, State of Sao Paulo, Brazil, according to the following schedule:

FIRM AIRCRAFT

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

OPTION AIRCRAFT

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- d. LIMIT ON DELIVERY: Notwithstanding anything set forth herein, in no event shall Buyer be obligated to take delivery of more than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Aircraft in any month.
- e. IP Spares: Subject to receipt by Embraer of the list of IP Spares selected by Buyer from the IPL by the time specified in Article 2.b. and Embraer's acceptance of such list (which acceptance shall not be unreasonably withheld or delayed), such IP Spares shall be delivered by Embraer to Buyer, in F.C.A. (Free Carrier - Incoterms 1990) condition, at Sao Jose dos Campos, State of Sao Paulo, Brazil, or at any other port of clearance that is mutually agreed to by Buyer and Embraer. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Should Buyer not inform Embraer of IP Spares items selected by Buyer within the schedule set forth in Article 2.b., the IP Spares shall be provided to Buyer in F.C.A. condition, at the same places above mentioned, one hundred eighty (180) days after receipt by Embraer of the list of spares selected by Buyer from the IPL, provided, however, that Buyer provides such information to Embraer no later than the relevant Aircraft's Actual Delivery Date. Spares shall be delivered in accordance with Attachment H, Section M hereof.

6. DOCUMENTS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] At the time of Actual Delivery of each Aircraft, Embraer will possess a valid type certificate issued by the FAA and applicable to the Aircraft. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Embraer shall assist Buyer in obtaining such certificate. Subject to the above, it shall be Buyer's responsibility to obtain such FAR Part 25 Individual Certificate of Airworthiness for the Aircraft, at Buyer's sole expense, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

7. ACCEPTANCE AND TRANSFER OF OWNERSHIP

- a. The Aircraft shall be delivered in accordance with the Delivery Schedule. Prior to the Scheduled Inspection Date, Embraer shall perform and complete the ground and flight test.
- b. On or after the Scheduled Inspection Date, Buyer shall inspect and conduct an acceptance flight of the Aircraft at Embraer's facilities in Sao Jose dos Campos, Brazil which shall be conducted jointly by Buyer and Embraer designated personnel. The inspection and acceptance flight shall be completed at least three (3) Business Days prior to the relevant Aircraft's Scheduled Delivery Date or as Embraer and Buyer shall agree in writing. The fuel for the Aircraft's

acceptance flight test shall be provided by Embraer. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Upon ground check(s) and acceptance test flight(s) acceptable to Buyer, Buyer shall provide Embraer with a Certificate of Technical Acceptance.

- c. If Buyer finds an Aircraft acceptable, on the relevant Scheduled Delivery Date, it shall acquire the Aircraft and make the payments due according to Article 4 and accept delivery of such Aircraft, whereupon the following shall occur: (i) Embraer shall provide Buyer a Warranty Bill of Sale, an FAA Form Bill of Sale and an invoice marked "paid in full"; (ii) Buyer shall provide Embraer with a Certificate of Acceptance and Delivery, indicating that the relevant Aircraft has met or exceeded all of the criteria set forth in the Aircraft Acceptance Guide and satisfies the terms and conditions of this Agreement; and (iii) Embraer shall provide Buyer a CTA Certificate of Export. Upon delivery of the above-referenced bills of sale and certificates, title and risk of loss with respect to the relevant Aircraft shall pass from Embraer to Buyer and Actual Delivery ("Actual Delivery") of the relevant Aircraft shall be deemed to have taken place on such date (the "Actual Delivery Date").
- d. If Buyer declines to accept an Aircraft because it reasonably believes that the Aircraft does not meet the conditions specified in this Agreement, Buyer shall promptly give Embraer written notice of all specific reasons for such refusal and Embraer shall have five (5) days, commencing on the first day after receipt of such notice, to take all necessary actions in order to resubmit the Aircraft to Buyer for reinspection.
- e. Buyer shall reinspect the Aircraft within five (5) days after receipt of notice from Embraer that all necessary actions were taken.
- f. Embraer shall ensure that the IP Spares for each Aircraft are available for inspection by Buyer on or before the date of delivery in accordance with Article 5.d and shall notify Buyer of such availability. Buyer shall be allowed to inspect the IP Spares to be delivered in connection with each Aircraft.

IP Spares shall be delivered to Buyer FCA, Sao Jose dos Campos, Brazil, Intercoterm 1990. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- g. Should Buyer or Embraer fail to comply with the procedures specified in any of the preceding items, the other Party shall not be held liable for any delay in delivery to the extent such delay was caused by such failure to comply.

8. DETAILED SPECIFICATIONS

The first two Firm Aircraft shall be manufactured in accordance with, and at Actual Delivery shall meet or exceed the specifications and requirements contained in, (i) this Agreement and (ii) EMB-145 aircraft specification 145 MS-328-Rev. G dated August 29, 1997. All other Aircraft shall be manufactured in accordance with and at Actual Delivery shall meet or exceed the specifications and requirements contained in (i) this Agreement and (ii) the Specification.

9. ENGINES

Each of the Engines shall be manufactured in accordance with, and, on the Actual Delivery Date shall meet or exceed, the specifications and requirements of Allison Specification C1040, dated January 1997.
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

10. STORAGE CHARGE

- a. A per day storage charge equal to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] per applicable Aircraft shall be charged by Embraer to Buyer commencing on:
 - 1. The Scheduled Inspection Date if Buyer fails to perform inspection or reinspection of an Aircraft, within the times specified in this Agreement, until such inspection or reinspection is performed and if this Agreement is not terminated earlier.
 - 2. The Aircraft's Actual Delivery Date if Buyer fails when otherwise required by this Agreement to remove an Aircraft from Embraer's facilities within three (3) Business Days of the Actual Delivery Date of such Aircraft until such Aircraft is removed, and if this Agreement is not terminated earlier.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- b. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- c. Buyer shall pay the storage charge as set forth in this Article 10, as applicable, in US dollars [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] after the presentation of an invoice by Embraer for such storage charges.

11. DELAYS IN DELIVERY

a. TIMELINESS REQUIRED

Except as provided in paragraph b of this Article, Embraer warrants that there shall be no delays in Actual Delivery of the Aircraft and:

- (i) Agrees that in the event Embraer notifies Buyer of such a delay (which notification occurs [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] or more prior to the Scheduled Delivery Date) then, after [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Days unexcused delay, Embraer shall pay Buyer as liquidated damages the amounts listed in the following schedule:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- (ii) Agrees that in the event Embraer notifies Buyer of a delay (which notification occurs [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to the Scheduled Delivery Date) then, after [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Days unexcused delay, it shall pay Buyer, as liquidated damages, the amounts listed in the following schedule:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

(iii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

In the event that Embraer fails to deliver an Aircraft which fully conforms to the delivery specifications set forth herein, Buyer shall not be required to accept such Aircraft until it complies with such delivery specifications and (provided that Buyer has performed, after Embraer having timely afforded Buyer an opportunity to do so, a general inspection at least five (5) Business Days prior to the Scheduled Delivery Date and performed an acceptance test flight at least three (3) Business Days prior to the Scheduled Delivery Date in accordance with Article 7 of this Agreement), Embraer shall, after the five (5) Business Days period described above, be liable for damages as provided in this Article.

b. EXCUSED DELAY

Neither Party shall be responsible for delays in delivery of Aircraft to the extent caused by (i) acts of God, riots, wars, natural disasters, fires, floods, explosions, third-party criminal acts, earthquakes, serious accidents, epidemics, quarantine restrictions, acts of government (except as otherwise provided for in Article 13.f and Article 28 hereof), or [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] or provide any information as provided by this Agreement.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

c. LOSS OF AIRCRAFT PRIOR TO DELIVERY

In the event that, prior to the Actual Delivery Date, any Aircraft is lost, destroyed, or damaged beyond economic repair, and consequently cannot be delivered as provided in this Agreement, Buyer shall have the right to either:

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
2. Terminate this Agreement with respect to the lost, destroyed, or damaged Aircraft and receive a complete refund (irrespective of any other provisions of this Agreement regarding non-refundability of such items) of all deposits and progress payments associated with such Aircraft (with interest at the rate of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] per annum from the time of payment of such deposits and payments through the date of termination) associated with such Aircraft.

12. INSPECTION AND QUALITY CONTROL

- a. Buyer is hereby allowed to have, at any and all times during normal business hours, one or more authorized representatives at Embraer's facilities in order to assure that the Aircraft, IP Spares and Services are manufactured or performed in accordance with the procedures specified in this Agreement and according to all applicable quality control standards. Upon a request by Buyer, Embraer shall use reasonable commercial efforts to arrange for such representative to visit the facilities of Embraer's suppliers. Buyer shall communicate to Embraer the names of such authorized representatives, by means of notice, at least thirty (30) days prior to each Aircraft's Scheduled Delivery Date.
- b. Buyer shall communicate the names of its authorized representatives to sign the acceptance and transfer of title and risk documents and accept delivery of the Aircraft and IP Spares pursuant to Article 7, at least [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] prior to each Scheduled Delivery Date.
- c. For the purposes hereof, Embraer shall provide at no cost to Buyer, reasonable office space and communication facilities (telephone and facsimile) for Buyer's authorized representatives, as well as the necessary tools, measuring devices,

test equipment and technical and other assistance as may be necessary to perform acceptance tests.

- d. Buyer's authorized representatives shall be provided with all appropriate Embraer rules and regulations upon arrival and shall observe Embraer's administrative rules and instructions while at Embraer's facilities.
- e. Buyer's authorized representatives shall be allowed exclusively in those areas related to the subject matter hereof and Buyer agrees to hold harmless Embraer from and against all and any kind of liabilities in respect of and to the extent caused by such representatives, for whom Buyer is solely and fully responsible under all circumstances and in any instance except as provided in Article 33.

13. CHANGES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

14. WARRANTY/GUARANTEE

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

15. TECHNICAL ASSISTANCE SERVICES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

16. SPARE PARTS SUPPLY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

17. PUBLICATIONS

- a. Aircraft Publications - Embraer shall supply, at no cost to Buyer, copies of the operational and maintenance publications applicable to the Aircraft, in the

English language, that are listed in, and in the quantities as specified in this Article. Such publications are issued under the applicable specification and are available in hard copies (and to the extent available shall be offered in digital or microfilm format and software at a price to Buyer equal to Embraer's cost). The revision service for these publications shall be provided by Embraer, free of charge, excluding mailing services, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Such publications shall be delivered as reasonably agreed to by the Parties, to the maximum allowed for under this Article.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- b. Vendor Item Publications - With respect to vendor items installed in the Aircraft which have their own publications, Buyer shall receive such publications in the quantity specified in Article 17.c, in their original content and printed form, directly from the suppliers, which are also responsible to keep them continuously updated through a direct communication system with Buyer.
- c. List of Publications - The technical publications covering operation and maintenance shall be delivered to Buyer in accordance with the following list:

TITLE

(COPIES)

OPERATIONAL

- 1. Airplane Flight Manual (AFM)(*)
- 2. Weight & Balance Manual (WB)(***)
- 3. Operations Manual (OM)(***)
- 4. Quick Reference Handbook (QRH)(***)
- 5. Dispatch Deviation Procedures Manual (DDPM)(***)
- 6. Supplementary Performance Manual (SPM)(***)
- 7. Operational Bulletins Set (OB)
- 8. Master Minimum Equipment List (MMEL)(***)

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AND
FILED
SEPARATELY
WITH
THE
COMMISSION]

MAINTENANCE - BASIC SET

- 9. Aircraft Maintenance Manual (AMM)
- 10. Illustrated Parts Catalog (IPC)
- 11. Fault Isolation Manual (FIM)
- 12. Non Destructive Manual (NDI)
- 13. Scheduled Maintenance Requirements Document (SMRD)
- 14. Wiring Manual (WM)
- 15. Structural Repair Manual (SRM)
- 16. Service & Information Bulletins Set (SB/IB)
- 17. Service Newsletters (SNL)

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

MAINTENANCE SUPPLEMENTARY SET

- 18. System Schematic Manual (SSM)
- 19. Instructions for Ground Fire Extinguishing and Rescue (IGFER)
- 20. Airport Planning (AP)
- 21. Illustrated Tool & Equipment Manual (ITEM)
- 22. Task Card Manual (TCM)
- 23. Ramp Maintenance Manual (RMM)
- 24. Powerplant Build-up Manual (PPBM)
- 25. Auxiliary Power Unit Build up Manual (APUBM)

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

OPERATIONAL

- 26. Corrosion Control Manual (CCM)
- 27. Vendor Service Publications Set (**)

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- (*) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (**) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- (***) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

In the event Buyer elects not to take all or any one of the publications above mentioned, or revisions thereof, no refund or other financial adjustment of the Basic Price will be made.

18. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

19. AIRCRAFT PURCHASE OPTIONS
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

20. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

21. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

22. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

23. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

24. ASSIGNMENT

Except as set forth in Article 14, neither Party may assign, convey, subcontract, transfer or delegate this Agreement or any part hereof or any of such Party's rights, duties or obligations hereunder, without the prior written consent of the other Party; provided, however, that any such consent to such assignment, conveyance, subcontracting, transfer or delegation shall not relieve the assigning Party of any of its obligations under this Agreement. Any attempted assignment, subcontracting or delegation which does not comply with this Article shall be null and void. Notwithstanding the foregoing provisions of this Article 24, Buyer may assign this Agreement or any or all of its rights hereunder to purchase any one or more of the Firm Aircraft or Option Aircraft to any one or more majority owned subsidiaries of Buyer or of AMR Corporation that is incorporated under the laws of the U.S. or any state thereof or any territory or possession of the U.S.; and provided that [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] guarantees the obligations of such assignee in the form attached as Exhibit K hereto. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

25. RESTRICTIONS AND PATENT INDEMNITY

a. The sale and purchase contemplated hereby does not include the transfer of designs, copyrights, patents, and other similar intellectual property rights to Buyer. Embraer shall indemnify, defend, and hold Buyer harmless from and against any and all Claims (as defined in Article 33 hereof) made against any Buyer Indemnitees that the Aircraft, or any part thereof, infringes any design, copyright, patent or similar right of others.

b. If any Claim is made or brought against any Buyer Indemnitees for infringement or if Buyer receives a written claim alleging infringement, Buyer shall promptly give notice thereof to Embraer.

26. MARKETING/PROMOTIONAL RIGHTS [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

27. TAXES
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

28. FINANCING
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

29. APPLICABLE LAW
This Agreement, and the rights and obligations of the Parties hereunder, shall in all respects be governed by, and construed and interpreted in accordance with, the laws [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] and including all matters of construction, validity and performance. Buyer and Embraer agree that all disputes arising under this Agreement shall be resolved in accordance with the procedures set forth in Article 30. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

30. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

31. COMPLIANCE WITH LAWS

Each Party shall comply with all applicable laws, rules, and regulations promulgated by Competent Authorities, with respect to that Party's obligations under this Agreement, and with respect to all of the transactions contemplated hereby. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

32. TERMINATION

- a. Except as otherwise provided in this Agreement, should either Party fail to comply partially or completely with its obligations hereunder, the other Party shall be entitled to give notice of such failure and to require that such failure be remedied within the period specified in that notice, which period shall not be less than five (5) days from the date that the failing party receives such notice. Should such failure be material and not be remedied within the period so specified, then the Party who gave notice of such failure shall be entitled to terminate this Agreement with respect to all remaining Aircraft for which Actual Delivery has not yet occurred, and shall be entitled to such other remedies as may be provided in this Agreement and as may be available by law or in equity (subject to the limits provided in this Agreement) along with reimbursement of costs incurred in enforcing its rights and remedies, including reasonable attorney's fees.
- b. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

c. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

33. INDEMNITY

a. Embraer shall indemnify, defend, and hold harmless Buyer and Buyer's officers, directors, agents, employees, subsidiaries, affiliates, and permitted assignees, and each of them (collectively, and including without limitation Buyer, the "Buyer Indemnitees") from any and all claims, suits, actions, judgments, fines, penalties, damages, losses, and liabilities, including, but not limited to, third party claims

and reasonable attorneys' fees, costs of litigation, and other expenses relating thereto, including the cost of establishing the right to indemnification under this Article (collectively, the "Claims") which may be made, asserted, assessed, or accrued against any Buyer Indemnitee by reason of: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- b. Buyer shall indemnify, defend, and hold harmless Embraer and Embraer's officers, directors, agents, employees, subsidiaries, affiliates and permitted assignees, and each of them (collectively, and including without limitation Embraer, the "Embraer Indemnitees") from and against all Claims which may be made, asserted, assessed, or accrued against any Embraer Indemnitee by reason of: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- c. In the event that any Claim is made or commenced against the Party seeking indemnification hereunder or any Buyer Indemnitees or Embraer Indemnitees, as applicable, the Party seeking indemnification hereunder shall give prompt written notice thereof to the indemnifying Party [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- d. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- e. The rights and obligations under this Section 33 will survive the termination or expiration of this Agreement for any reason.

34. NOTICES

- a. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

If to AMR Eagle: AMR Eagle
4333 Amon Carter Boulevard
MD 5494
Fort Worth, Texas 76155
USA
Attn: Senior Vice-President of Planning
Phone: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
Fax: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

With a copy to: American Airlines, Inc.
4333 Amon Carter Boulevard
MD 5675
Fort Worth, Texas 76155
USA
Attn: Corporate Secretary
Phone: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
Fax: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

If to Embraer: Empresa Brasileira de Aeronautica, S.A.
Av. Brig. Faria Lima 2170
Sao Jose dos Campos, S.P. 12225
Brazil
Attn: Senior Manager-Contracts
Phone: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
Fax: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

b. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

35. CONFIDENTIALITY

Buyer and Embraer understand that certain commercial, operational and financial information contained in, or obtained pursuant to this Agreement is considered by the Parties as privileged and confidential. Buyer and Embraer each agrees that it shall treat this Agreement, all provisions hereof, and such information as privileged and confidential and shall not, without the prior written consent of the other Party, disclose such Agreement or information to any other person except to its auditors and legal counsel and except as may be required (i) by applicable law or governmental regulations, or (ii) for financing the Aircraft. In connection with any disclosure of this Agreement, any provisions hereof, or such information in accordance with the terms of this Article, Buyer or Embraer, as applicable, shall use reasonable efforts to minimize the extent of disclosure and shall request and use its reasonable efforts to obtain confidential treatment of this Agreement, the provisions hereof, and such information. The Parties agree to cooperate with each other in making and supporting any such request for confidential information.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

36. INTEGRATED AGREEMENT

All Attachments referred to in this Agreement and attached hereto are, by such reference and attachment, incorporated in this Agreement.

37. EFFECT OF TERMINATION

In the event this Agreement is terminated, whether in whole or in part, the Parties' obligations (including without limitation the Warranty, the Service Life Policy and all the other customer and product support obligations under this Agreement) with regard

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to Aircraft that have been previously delivered will continue in full force and effect in accordance with the terms of this Agreement.

37A. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

38. COUNTERPARTS

This Agreement may be signed by the Parties in any number of separate counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument and all of which when taken together shall constitute one and the same instrument.

39. ENTIRE AGREEMENT

This Agreement and all related written agreements constitute the entire agreement of the Parties with respect to the subject matter hereof and supersede all previous negotiations, representations and agreements between the Parties, including the Term Sheet. This Agreement may not be altered, amended or supplemented except by a written instrument executed by the Parties.

40. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

41. TERMS

Technical and trade terms not otherwise defined herein shall have the meanings assigned to them as generally accepted in the international aircraft manufacturing industry.

42. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

43. REMEDIES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
For the avoidance of doubt, the specific remedy provided in each such Article or Attachment or Letter Agreement I shall be exclusive only with respect to the specific breach or default referenced in such section; with respect to any other breaches or defaults not specified within the Articles and Attachments referred to above, all remedies at law or in equity shall be available.

44. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

45. INDEPENDENT CONTRACTOR

Each of the Parties is an independent contractor. Nothing in this Agreement is intended or shall be construed to create or establish any agency, partnership, joint venture, or fiduciary relationship between the Parties. Neither Party nor any of its affiliates has any authority to act for or to incur any obligations on behalf of or in the name of the other Party or any of its affiliates.

46. CAPTIONS, HEREOF, INCLUDING

The captions and headings appearing in this Agreement have been inserted as a matter of convenience and in no way define, limit or enlarge the scope of this Agreement or any of the provisions hereof. "Including" or "include" shall be deemed to mean "including without limitation" or "include without limitation," respectively, unless otherwise specified in this Agreement. All references in this Agreement to "herein," "hereof," "hereto," "hereby," or "hereunder" shall be deemed references to this Agreement as a whole and not to any particular section, subsection, paragraph, subparagraph, sentence or clause of this Agreement.

47. INTENTIONALLY LEFT BLANK

48. REPRESENTATIONS AND WARRANTIES

Effective as of the date of this Agreement and as of the Actual Delivery of each Aircraft, Embraer represents and warrants that:

- a. Embraer is a corporation duly organized, validly existing and in good standing under the laws of Brazil and has all necessary corporate power and authority to conduct the business in which it is currently engaged and to enter into and perform its obligations under this Agreement.
- b. Embraer has taken, or caused to be taken, all necessary corporate action to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.
- c. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]
- d. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- e. This Agreement has been duly authorized, executed and delivered by Embraer and, assuming the due authorization, execution and delivery hereof by the other Party constitutes the legal, valid and binding obligation of Embraer enforceable against Embraer in accordance with the terms hereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.
- f. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Effective as of the date of this Agreement and as of the Actual Delivery of each Aircraft, Buyer represents and warrants that:

- a. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all necessary corporate power and authority to conduct the business in which it is currently engaged and to enter into and perform its obligations under this Agreement.
- b. Buyer has taken, or caused to be taken, all necessary corporate action to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.
- c. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

d. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

e. This Agreement has been duly authorized, executed and delivered by Buyer and, assuming the due authorization, execution and delivery hereof by the other Party constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms hereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

f. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

49. TIME

Time is of the essence with respect to the performance of the provisions hereof.

50. FURTHER ASSISTANCE

Each Party shall do and perform, at such Party's expense, such further acts and execute and deliver such further instruments and documents as may be required by applicable law, rule or regulation or as may be reasonably requested by the other Party to effectuate the purposes of this Agreement.

51. SEVERABILITY

Except as otherwise set forth in this Agreement, if either Party receives in writing any indication from a competent governmental, judicial or administrative authority to the effect that any part of this Agreement contravenes any applicable law, rule or

regulation, and cannot qualify for any clearance or exemption, or if any part of this Agreement is, or shall become, or shall be declared illegal, invalid or unenforceable in any jurisdiction for any reason (including both by reason of the provisions of any legislation and also by reason of any decision of any competent governmental, judicial or administrative authority, either having jurisdiction over this Agreement or having jurisdiction over any Party), such part shall be severed from this Agreement in the jurisdiction in question and such contravention, illegality, invalidity or unenforceability shall not in any way prejudice or affect the remaining parts of this Agreement which shall continue in full force and effect. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

52. NO WAIVER

No waiver of any breach or obligation under this Agreement by either Party shall constitute a waiver of any subsequent similar breach or obligation or of any other provision hereof. No waiver shall be effective unless made in writing and signed by a duly authorized representative of the waiving Party.

53. COSTS

Each Party shall bear its own costs of attorneys, accountants and financial advisors in connection with the preparation, negotiation and execution of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers and to be effective as of the day and year first above written.

EMBRAER - EMPRESA BRASILEIRA DE AERONAUTICA S.A.

AMR EAGLE, INC.

By: -----
Name: -----
Title -----

By: -----
Name: Daniel P. Garton
Title: President

By: -----
Name: -----
Title: -----

Witness: -----
Name: -----

Witness: -----
Name: -----

ATTACHMENT A

AIRCRAFT SPECIFIC CONFIGURATION,
FINISHING AND REGISTRATION MARKS

1. BUYER'S SPECIFIC CONFIGURATION

- 1.1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 1.2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 1.3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- 1.4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

1.5. PASSENGER SEATS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

1.6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

1.7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

1.8. WHEELS, TIRES, AND BRAKES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

3. FINISHING

A. EXTERIOR FINISHING:

The Aircraft shall be painted according to Buyer's color and paint scheme [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

B. INTERIOR FINISHING:

Buyer has informed Embraer of its choice of materials and colors of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] of interior finishing [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

4. REGISTRATION MARKS

The Aircraft shall be delivered to Buyer with the registration marks painted on them. Buyer shall supply Embraer with the applicable registration marks for the applicable Aircraft no later than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] before each relevant Scheduled Delivery Date [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

IF THERE IS ANY CONFLICT BETWEEN THE TERMS OF THIS ATTACHMENT A AND THE TERMS OF THE TECHNICAL DOCUMENTS, THE TERMS OF THIS ATTACHMENT A SHALL PREVAIL.

ATTACHMENT B

FERRY EQUIPMENT

1. FERRY EQUIPMENT

If it is necessary for any ferry equipment to be installed by Embraer for the ferry flight of any Aircraft between Brazil and United States, Embraer shall provide such necessary equipment to Buyer [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION] Buyer shall immediately upon its arrival remove such ferry equipment from the Aircraft and return it to Embraer in Brazil at Buyer's own expense.

The ferry equipment shall be returned complete and in the condition it was in at the time placed on the Aircraft for the ferry flight. Buyer shall fully indemnify Embraer for the value of such equipment [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ATTACHMENT C

EMB-145 AIRCRAFT WARRANTY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

- - - - -
EMB-145LR Purchase Agreement - Attachment C - Page 1 of 1

ATTACHMENT D
EMB-145
ESCALATION FORMULA

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EMB-145LR Purchase Agreement - Attachment D - Page 1 of 1

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ATTACHMENT H

SPARE PARTS POLICY & PRODUCT SUPPORT

1. SPARE PARTS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

2. PRODUCT SUPPORT

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ATTACHMENT I

BUYER FURNISHED EQUIPMENT ("BFE")

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EMB-145LR Purchase Agreement - Attachment I - Page 1 of 1

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

CTD-145/001 REV.1
INITIAL ISSUE - JULY 97
REV. 1 BY AMR EAGLE - SEP 97

PREPARED BY EMB145 CUSTOMER TRAINING

TABLE OF CONTENTS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EMB-145LR Purchase Agreement - Attachment J - Page 3 of 8

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EMB-145LR Purchase Agreement - Attachment J - Page 4 of 8

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EMB-145LR Purchase Agreement - Attachment J - Page 5 of 8

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EMB-145LR Purchase Agreement - Attachment J - Page 6 of 8

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

ATTACHMENT K

FORM OF [CONFIDENTIAL PORTION OMITTED AND
FILED SEPARATELY WITH THE COMMISSION] GUARANTY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EMB-145LR Purchase Agreement - Attachment K - Page 1 of 2

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

Dated: _____, __ ____

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

By: -----

Name:
Title:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EMB-145LR Letter of Agreement - Page 1 of 2

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers and to be effective as of the day and year first above written.

AMR EAGLE, INC.

EMBRAER - EMPRESA
BRASILEIRA DE AERONAUTICA S.A.

By: _____
Name: Daniel P. Garton
Title: President

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Witness: _____
Name: _____

Witness: _____
Name: _____

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION]

EXHIBIT 21

AMR CORPORATION

SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 1997

Subsidiary companies of the Registrant are listed below. With respect to the companies named, all voting securities are owned directly or indirectly by the Registrant, except where otherwise indicated.

NAME OF SUBSIDIARY -----	STATE OR SOVEREIGN POWER OF INCORPORATION -----
Subsidiaries included in the Registrant's consolidated financial statements	
Airline Management Services Holding, Inc.	Nevada
Airline Management Services, Inc.	Delaware
Aurora Airline Investments, Inc.	Delaware
American Airlines, Inc	Delaware
Admirals Club, Inc. (Massachusetts only)	Massachusetts
AEROSAN (50%)	Chile
American Airlines Australian Tours, Inc.	Delaware
American Airlines de Mexico, S.A.	Mexico
American Airlines de Venezuela, S.A.	Venezuela
American Airlines Deutschland Holding GmbH	Germany
American Airlines Fuel Corporation	Delaware
American Airlines Holding Company, Inc.	Delaware
American Holidays Limited (50/50 AA/AMR)	United Kingdom
American Airlines Overseas Finance, N.V.	Neth. Antilles
AMR Aircraft Sales & Leasing Company	Delaware
AMR Ventures III, Inc.	Delaware
DFW Terminal Corporation	Texas
Wingate Travel S.A. (24%) (AMR/AA)	France
ATC Losiers S.A.	France
Africa Travel Services	Senegal
Wingate Japan KK	Japan
Wingate Travel Hong Kong Ltd.	Hong Kong
Americas Ground Services, Inc.	Delaware
Aerodespachos Colombia, S.A.	Colombia
Caribbean Dispatch Services, Ltd.	St. Lucia
Dispatch Services 93, S.A.	Venezuela
DSA	Dominican Republic
International Ground Services, S.A. de C.V.	Mexico
Panama Dispatch	Panama
Peru Dispatch Company	Peru
AMR/American Airlines Foundation	Texas

NAME OF SUBSIDIARY	STATE OR SOVEREIGN POWER OF INCORPORATION
AMR Eagle Holding Corporation	Delaware
AMR Commuter Finance, Inc.	Delaware
AMR Eagle, Inc.	Delaware
AMR Eagle Maintenance Services Group, Inc.	Delaware
AMR Eagle Regional Aircraft Maintenance Center, Inc.	Delaware
Aero Perlas (20%)	Panama
Eagle Aviation Leasing, Inc.	Delaware
Eagle Aviation Services, Inc.	Delaware
Executive Airlines, Inc.	Delaware
Flagship Airlines, Inc.	Delaware
Inventory Support, Inc.	Delaware
Simmons Airlines, Inc.	Michigan
Wings West Airlines, Inc.	California
AMR Financial Services, Inc.	Delaware
AMR Foreign Sales Corporation, Ltd.	Bermuda
AMR Holding Company, Inc.	Delaware
AMR Investment Services, Inc.	Delaware
AMR Leasing Corporation	Delaware
AMR Services Holding Corporation	Delaware
AMR Airline Services Corporation	Delaware
AMR Airline Services Fueling (Hong Kong) Limited (99%)	Hong Kong
AMR Combs, Inc.	Delaware
Aircraft Deicing Services, Inc.	Delaware
Aircraft Deicing Services Funding, Inc.	Delaware
AMR Combs-Birmingham, Inc.	Alabama
AMR Combs BJS, Inc.	Delaware
Jet Solutions LLC (40%)	Delaware
Aviation Training Institute LLC (50%)	Delaware
AMR Polskie Usługi Lotniskowe	Poland
AMR Services & Logistics of Mexico, S.A. de C.V. (99%)	Mexico
AMR Services UK Ltd.	United Kingdom
AMR Services (Deutschland) GmbH	Germany
AMR Services Security Service Corporation	Delaware
AMRS Finance Company	Delaware
AMRS France Holding, S.A.	France
Societe de Fret et de Services	France
SHS Sociedad de Handling Servicios, S.A.	Spain
Miami International Airport Cargo Facilities & Services, Inc.	Florida
AMR Global Services Corporation	Delaware
AMR Training Group, Inc.	Delaware
TeleService Resources, Inc.	Delaware
TSR Government Services, Inc.	Delaware
Avion Assurance Ltd.	Bermuda
Cargo Services, Inc.	Delaware
SC Investment, Inc.	Delaware
The C.R. Smith Aviation Museum Foundation	Delaware

NAME OF SUBSIDIARY -----	STATE OR SOVEREIGN POWER OF INCORPORATION -----
The SABRE Group Holdings, Inc. (82.2% economic interest)	Delaware
The SABRE Group, Inc.	Delaware
Axess International Network, Inc. (25%)	Japan
ENCOMPASS Holding, Inc.	Delaware
Prize, Ltd. (50%)	Latvia
SABRE Decision Technologies International, Inc.	Delaware
The SABRE Group (Australia) Pty Ltd.	Australia
SABRE Decision Technologies Licensing, Inc.	Delaware
SABRE International, Inc.	Delaware
SABRE Belgium (99%)	Belgium
SABRE Computer-Reservierungssystem GmbH	Austria
SABRE Danmark ApS	Denmark
SABRE Deutschland Marketing GmbH	Germany
SABRE Deutschland Services GmbH	Germany
SABRE Espana Marketing, S.A. (99%)	Spain
SABRE Europe Management Services Ltd. (99%)	United Kingdom
SABRE France Sarl	France
SABRE Hellas SA	Greece
SABRE Ireland Ltd.	Ireland
SABRE Italia S.r.l. (99%)	Italy
SABRE Marketing Nederland BV	Netherlands
SABRE Norge AS	Norway
SABRE Portugal Servicos Lda (99%)	Portugal
SABRE Servicios Colombia LTDA (99%)	Colombia
SABRE Suomi Oy	Finland
SABRE Sverige AB	Sweden
SABRE UK Marketing Ltd. (99%)	United Kingdom
STIN Luxembourg S.A. (99%)	Luxembourg
SABRE International Holdings, Inc.	Delaware
SABRE Limited	New Zealand
SABRE Technology Enterprises, Ltd.	Cayman Islands
SABRE Technology Enterprises II, Ltd.	Cayman Islands
The SABRE Group International (Bahrain) W.L.L.	Bahrain
SABRE Technology Holland, B.V.	Netherlands
SST Finance, Inc.	Delaware
SST Holding, Inc.	Delaware
SABRE Sociedad Tecnologica S.A. de C.V. (50%)	Mexico
SABRE Services Administration	Mexico
The SABRE Group Sales (Barbados) Ltd.	Barbados
Ticketnet Corporation	Canada
148548 Canada, Inc.	Canada
TSGL, Inc.	Delaware
TSGL Holding, Inc.	Delaware
TSGL-SCS, Inc.	Delaware

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statements (Form S-8 No. 2-68366, Form S-8 No. 33-60725, Form S-8 No. 33-60727, Form S-8 No. 333-13751, Form S-8 No. 333-19325, Form S-3 No. 33-42027, Form S-3 No. 33-46325, and Form S-3 No. 33-52121) of AMR Corporation, and in the related Prospectuses, of our reports dated January 19, 1998, with respect to the consolidated financial statements and schedule of AMR Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 1997.

ERNST & YOUNG LLP

Dallas, Texas
March 25, 1998

YEAR		
	DEC-31-1997	
	JAN-01-1997	
	DEC-31-1997	64
		2,370
		1,394
		24
		636
	5,071	21,168
		7,911
	20,915	
	5,617	3,889
	0	0
		2,801
		3,415
20,915		0
	18,570	0
		16,644
		0
		0
		399
		1,646
		661
	985	0
		0
		0
		985
		11.05
		10.78

YEAR	DEC-31-1996	JAN-01-1996	DEC-31-1996
			68
		1,743	
		1,399	
		17	
		633	
	4,470		
			20,348
		7,043	
		20,497	
5,566			
			4,542
0			
		0	
		3,257	
		2,411	
20,497			
			0
	17,753		
			0
		15,914	
		0	
		0	
	499		
		1,633	
		528	
1,105			
		0	
		89	
			0
		1,016	
		11.80	
		11.19	

1,000,000

YEAR	DEC-31-1995	JAN-01-1995	DEC-31-1995
			82
		819	
		1,171	
		18	
		589	
		3,137	
			20,224
		6,659	
		19,556	
	4,693		
			0
	2,315		
		78	
			0
		1,327	
19,556			
			0
	16,910		
			0
		15,362	
		533	
		0	
		684	
		358	
		162	
	196		
		0	
		(29)	
			0
		167	
		2.13	
		2.11	