

AMERICAN AIRLINES INC

Form 424B5

September 02, 2014

Table of Contents

**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-194685-001**

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated September 2, 2014

Prospectus Supplement to Prospectus dated March 19, 2014

\$956,884,000

2014-1 Pass Through Trusts

Pass Through Certificates, Series 2014-1

American Airlines, Inc. is creating two separate pass through trusts that will issue American Airlines, Inc. Class A and Class B Pass Through Certificates, Series 2014-1.

Each Certificate will represent an interest in the assets of the related pass through trust. The proceeds from the sale of the Certificates will initially be held in escrow and will thereafter be used by the pass through trusts to acquire the related series of equipment notes to be issued by American on a full recourse basis. Payments on the equipment notes held in each pass through trust will be passed through to the holders of the Certificates of such trust. Distributions on the Certificates will be subject to certain subordination provisions described herein. The Certificates do not represent interests in, or obligations of, American or any of its affiliates.

The Class A Certificates will rank generally senior to the Class B Certificates, subject to the distribution provisions described herein.

The equipment notes expected to be held by each pass through trust will be issued to finance (a) five Airbus A319-112 aircraft delivered new to American in 2013, (b) seven Airbus A321-231 aircraft delivered new to American in 2014, and (c) five Boeing 777-323ER aircraft delivered new to American from 2012 to 2014. The equipment notes issued for each aircraft will be secured by a security interest in all such aircraft. Interest on the issued and outstanding

equipment notes expected to be held by each pass through trust will be payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2015, and principal on such equipment notes is scheduled for payment on April 1 and October 1 of each year, commencing on April 1, 2015.

Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, will provide a separate liquidity facility for each of the Class A Certificates and Class B Certificates, in each case in an amount sufficient to make three semiannual interest distributions on the outstanding balance of the Certificates of such Class.

The Certificates will not be listed on any national securities exchange.

*Investing in the Certificates involves risks. See Risk Factors beginning on page S-22.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

Pass Through Certificates	Aggregate Face Amount	Interest Rate	Final Expected Distribution Date	Price to Public(1)
Class A	\$ 741,460,000	%	October 1, 2026	100%
Class B	\$ 215,424,000	%	October 1, 2022	100%

(1) Plus accrued interest, if any, from the date of issuance.

The underwriters will purchase all of the Certificates if any are purchased. The aggregate proceeds from the sale of the Certificates will be \$956,884,000. American will pay the underwriters a commission of \$ . Delivery of the Certificates in book-entry form will be made on or about , 2014 against payment in immediately available funds.

Sole Structuring Agent and Lead Bookrunner

**Goldman, Sachs & Co.**

Joint Bookrunners

**Credit Suisse**

**Deutsche Bank Securities**

**Morgan Stanley**

**Citigroup**

**BofA Merrill Lynch**

**Barclays**

**BNP PARIBAS**

**Credit Agricole Securities**

**J.P. Morgan**

Prospectus Supplement dated , 2014.

Table of Contents

## TABLE OF CONTENTS

## Prospectus Supplement

	<b>Page</b>
<u>PRESENTATION OF INFORMATION</u>	iv
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	iv
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>The Company</u>	S-1
<u>Summary of Terms of Certificates</u>	S-2
<u>Equipment Notes and the Aircraft</u>	S-2
<u>Loan to Aircraft Value Ratios</u>	S-4
<u>Cash Flow Structure</u>	S-6
<u>The Offering</u>	S-7
<u>Summary Historical Consolidated Financial Data</u>	S-20
<u>RISK FACTORS</u>	S-22
<u>Risks Relating to the Company and Industry-Related Risks</u>	S-22
<u>Risks Relating to the Certificates and the Offering</u>	S-43
<u>USE OF PROCEEDS</u>	S-50
<u>DESCRIPTION OF THE CERTIFICATES</u>	S-51
<u>General</u>	S-51
<u>Payments and Distributions</u>	S-52
<u>Subordination</u>	S-56
<u>Pool Factors</u>	S-56
<u>Reports to Certificateholders</u>	S-58
<u>Indenture Events of Default and Certain Rights Upon an Indenture Event of Default</u>	S-59
<u>Certificate Buyout Right of Certificateholders</u>	S-61
<u>PTC Event of Default</u>	S-62
<u>Merger, Consolidation and Transfer of Assets</u>	S-62
<u>Modification of the Pass Through Trust Agreements and Certain Other Agreements</u>	S-63
<u>Obligation to Purchase Equipment Notes</u>	S-68
<u>Termination of the Trusts</u>	S-70
<u>The Trustees</u>	S-70
<u>Book-Entry Registration; Delivery and Form</u>	S-71
<u>DESCRIPTION OF THE DEPOSIT AGREEMENTS</u>	S-75
<u>General</u>	S-75
<u>Withdrawal of Deposits to Purchase Equipment Notes</u>	S-75
<u>Other Withdrawals and Return of Deposits</u>	S-75
<u>Replacement of Depositary</u>	S-76
<u>Limitation on Damages</u>	S-77
<u>Depositary</u>	S-78
<u>DESCRIPTION OF THE ESCROW AGREEMENTS</u>	S-79
<u>General</u>	S-79
<u>Certain Modifications of the Escrow Agreements and Note Purchase Agreement</u>	S-80
<u>The Escrow Agent</u>	S-81
<u>The Paying Agent</u>	S-81

<u>DESCRIPTION OF THE LIQUIDITY FACILITIES</u>	S-82
<u>General</u>	S-82
<u>Drawings</u>	S-82
<u>Replacement of Liquidity Facilities</u>	S-84
<u>Reimbursement of Drawings</u>	S-86
<u>Liquidity Events of Default</u>	S-88
<u>Liquidity Provider</u>	S-88

**Table of Contents**

	<b>Page</b>
<b><u>DESCRIPTION OF THE INTERCREDITOR AGREEMENT</u></b>	S-89
<u>Intercreditor Rights</u>	S-89
<u>Post Default Appraisals</u>	S-92
<u>Priority of Distributions</u>	S-93
<u>Voting of Equipment Notes</u>	S-96
<u>Certain Communications with Certificateholders</u>	S-97
<u>Reports</u>	S-97
<u>The Subordination Agent</u>	S-98
<b><u>DESCRIPTION OF THE AIRCRAFT AND THE APPRAISALS</u></b>	S-99
<u>The Aircraft</u>	S-99
<u>The Appraisals</u>	S-99
<u>Deliveries of Aircraft</u>	S-101
<b><u>DESCRIPTION OF THE EQUIPMENT NOTES</u></b>	S-102
<u>General</u>	S-102
<u>Subordination</u>	S-102
<u>Principal and Interest Payments</u>	S-104
<u>Redemption</u>	S-105
<u>Security</u>	S-106
<u>Loan to Value Ratios of Equipment Notes</u>	S-107
<u>Limitation of Liability</u>	S-108
<u>Indenture Events of Default, Notice and Waiver</u>	S-108
<u>Remedies</u>	S-109
<u>Modification of Indentures</u>	S-111
<u>Indemnification</u>	S-112
<u>Certain Provisions of the Indentures</u>	S-112
<b><u>POSSIBLE ISSUANCE OF ADDITIONAL CERTIFICATES AND REFINANCING OF CERTIFICATES</u></b>	S-119
<u>Issuance of Additional Certificates</u>	S-119
<u>Refinancing of Certificates</u>	S-119
<u>Additional Liquidity Facilities</u>	S-120
<b><u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u></b>	S-121
<u>General</u>	S-121
<u>Tax Status of the Trusts</u>	S-121
<u>Taxation of Certificateholders Generally</u>	S-122
<u>Effect of Reallocation of Payments under the Intercreditor Agreement</u>	S-123
<u>Sale or Other Disposition of the Certificates</u>	S-123
<u>Foreign Certificateholders</u>	S-124
<u>Information Reporting and Backup Withholding</u>	S-124
<u>Foreign Account Tax Compliance Act</u>	S-125
<b><u>CERTAIN DELAWARE TAXES</u></b>	S-126
<b><u>CERTAIN ERISA CONSIDERATIONS</u></b>	S-127
<u>General</u>	S-127
<u>Plan Assets Issues</u>	S-127
<u>Prohibited Transaction Exemptions</u>	S-128
<u>Special Considerations Applicable to Insurance Company General Accounts</u>	S-129
<b><u>UNDERWRITING</u></b>	S-130
<u>Selling Restrictions</u>	S-132
<b><u>VALIDITY OF THE CERTIFICATES</u></b>	S-135

EXPERTS

S-135

WHERE YOU CAN FIND MORE INFORMATION

S-135

ii

**Table of Contents**

	<b>Page</b>
<u>Index of Defined Terms</u>	Appendix I
<u>Appraisal Letters</u>	Appendix II
<u>Summary of Appraised Values</u>	Appendix III
<u>Loan to Value Ratios of Equipment Notes</u>	Appendix IV
<u>Equipment Note Principal Amounts and Amortization Schedules</u>	Appendix V

**Prospectus**

	<b>Page</b>
<u>About This Prospectus</u>	1
<u>Where You Can Find More Information: Incorporation by Reference</u>	2
<u>The Company</u>	3
<u>Risk Factors</u>	3
<u>Use of Proceeds; Description of the Pass Through Certificates</u>	3
<u>Credit Enhancements</u>	4
<u>Plan of Distribution</u>	6
<u>Legal Matters</u>	6
<u>Experts</u>	6

We have not, and Goldman, Sachs & Co., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., BNP Paribas Securities Corp., Credit Agricole Securities (USA) Inc. and J.P. Morgan Securities LLC (the *Underwriters* ) have not, authorized anyone to provide you with information other than the information contained in this prospectus supplement, the accompanying prospectus, any related free writing prospectus issued by us (which we refer to as a *company free writing prospectus* ) and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus or to which we have referred you. This prospectus supplement, the accompanying prospectus and any related company free writing prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement, the accompanying prospectus and any related company free writing prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus and any related company free writing prospectus or any document incorporated by reference is accurate as of any date other than the date on the front cover of the applicable document. Neither the delivery of this prospectus supplement, the accompanying prospectus and any related company free writing prospectus nor any distribution of securities pursuant to this prospectus supplement and the accompanying prospectus shall, under any circumstances, create any implication that there has been no change in our business, financial condition, results of operations or prospects, or in the affairs of the Trusts, the Depository or the Liquidity Provider, since the date of this prospectus supplement.



---

**Table of Contents**

**PRESENTATION OF INFORMATION**

These offering materials consist of two documents: (a) this prospectus supplement, which describes the terms of the American Airlines, Inc. Class A and Class B Pass Through Certificates, Series 2014-1 (collectively, the *Certificates* , and each, a *Certificate* ) that we are currently offering, and (b) the accompanying prospectus, which provides general information about us and our pass through certificates, some of which may not apply to the Certificates that we are currently offering. The information in this prospectus supplement replaces any inconsistent information included in the accompanying prospectus. To the extent the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement. See *About this Prospectus* in the accompanying prospectus.

In this prospectus supplement, references to *American*, the *Company*, *we*, *us* and *our* refer to American Airlines, and references to *AAG* refer to our parent, American Airlines Group Inc. and references to *AMR* refer to AAG during the period of time prior to its emergence from Chapter 11 of the United States Bankruptcy Code (the *Bankruptcy Code* ) and AAG's acquisition of US Airways Group, Inc. ( *US Airways Group* ) on December 9, 2013 (the *Effective Date* ).

We have given certain capitalized terms specific meanings for purposes of this prospectus supplement. The *Index of Defined Terms* attached as Appendix I to this prospectus supplement lists the page in this prospectus supplement on which we have defined each such term.

At varying places in this prospectus supplement, we refer you to other sections for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this prospectus supplement can be found is listed in the foregoing Table of Contents. All such cross-references in this prospectus supplement are to captions contained in this prospectus supplement and not the accompanying prospectus, unless otherwise stated.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain of the statements contained in this prospectus supplement, the accompanying prospectus, any related company free writing prospectus and the documents incorporated by reference herein and therein represent our expectations or beliefs concerning future events and should be considered *forward-looking statements* within the meaning of the Securities Act of 1933, as amended (the *Securities Act* ), and the Securities Exchange Act of 1934, as amended (the *Exchange Act* ). These forward-looking statements may be identified by words such as *may*, *will*, *expect*, *intend*, *anticipate*, *believe*, *estimate*, *plan*, *project*, *could*, *should*, *would*, *continue*, *seek*, *target*, *guidance*, *trends continue*, *optimistic*, *forecast* and other similar words. Such statements include, but are not limited to, statements about the benefits of the merger of AMR Merger Sub, Inc. ( *Merger Sub* ) with and into US Airways Group, with US Airways Group surviving as a wholly-owned subsidiary of AMR (the *Merger* ) pursuant to that certain Agreement and Plan of Merger, dated as of February 13, 2013, by and among AMR, Merger Sub and US Airways Group (as amended, the *Merger Agreement* ), including future financial and operating results, our plans, objectives, expectations and intentions, and other statements that are not historical facts, such as, without limitation, statements that discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. These forward-looking statements are based on our current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited



---

**Table of Contents**

to, those described below under Risk Factors and the following: significant operating losses in the future; downturns in economic conditions that adversely affect our business; the impact of continued periods of high volatility in fuel costs, increased fuel prices and significant disruptions in the supply of aircraft fuel; competitive practices in the industry, including the impact of low cost carriers, airline alliances and industry consolidation; the challenges and costs of integrating operations and realizing anticipated synergies and other benefits of the Merger; our substantial indebtedness and other obligations and the effect they could have on our business and liquidity; an inability to obtain sufficient financing or other capital to operate successfully and in accordance with our current business plan; increased costs of financing, a reduction in the availability of financing and fluctuations in interest rates; the effect our high level of fixed obligations may have on our ability to fund general corporate requirements, obtain additional financing and respond to competitive developments and adverse economic and industry conditions; our significant pension and other post-employment benefit funding obligations; the impact of any failure to comply with the covenants contained in financing arrangements; provisions in credit card processing and other commercial agreements that may materially reduce our liquidity; the limitations of our historical consolidated financial information, which is not directly comparable to our financial information for prior or future periods; the impact of union disputes, employee strikes and other labor-related disruptions; any inability to maintain labor costs at competitive levels; interruptions or disruptions in service at one or more of our hub airports; any inability to obtain and maintain adequate facilities, infrastructure and slots to operate our flight schedule and expand or change our route network; our reliance on third-party regional operators or third-party service providers that have the ability to affect our revenue and the public's perception about our services; any inability to effectively manage the costs, rights and functionality of third-party distribution channels on which we rely; extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages; the impact of the heavy taxation to which the airline industry is subject; changes to our business model that may not successfully increase revenues and may cause operational difficulties or decreased demand; the loss of key personnel or inability to attract and retain additional qualified personnel; the impact of conflicts overseas, terrorist attacks and ongoing security concerns; the global scope of our business and any associated economic and political instability or adverse effects of events, circumstances or government actions beyond our control, including the impact of foreign currency exchange rate fluctuations and limitations on the repatriation of cash held in foreign countries; the impact of environmental regulation; our reliance on technology and automated systems and the impact of any failure of these technologies or systems; challenges in integrating our computer, communications and other technology systems; costs of ongoing data security compliance requirements and the impact of any significant data security breach; losses and adverse publicity stemming from any accident involving any of our aircraft or the aircraft of our regional or codeshare operators; delays in scheduled aircraft deliveries, or other loss of anticipated fleet capacity, and failure of new aircraft to perform as expected; our dependence on a limited number of suppliers for aircraft, aircraft engines and parts; the impact of changing economic and other conditions beyond our control, including global events that affect travel behavior such as an outbreak of a contagious disease, and volatility and fluctuations in our results of operations due to seasonality; the effect of a higher than normal number of pilot retirements and a potential shortage of pilots; the impact of possible future increases in insurance costs or reductions in available insurance coverage; the effect of several lawsuits that were filed in connection with the Merger and remain pending; an inability to use net operating losses ( *NOLs* ) carried over from prior taxable years ( *NOL Carryforwards* ); any impairment in the amount of goodwill we recorded as a result of the application of the acquisition method of accounting and an inability to realize the full value of American's intangible or long-lived assets and any material impairment charges that would be recorded as a result; price volatility of our common stock; delay or prevention of stockholders' ability to change the composition of our board of directors and the effect this may have on takeover attempts that some of our stockholders might consider beneficial; the effect of provisions of our Restated Certificate of Incorporation (the *Certificate of Incorporation* ) and Amended and Restated Bylaws that limit ownership and voting of our equity



**Table of Contents**

interests, including our common stock; the effect of limitations in our Certificate of Incorporation on acquisitions and dispositions of our common stock designed to protect our NOL Carryforwards and certain other tax attributes, which may limit the liquidity of our common stock; other economic, business, competitive, and/or regulatory factors affecting our business, including those set forth in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (especially in Part II, Item 1A Risk Factors and Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations) and in our other filings with the Securities and Exchange Commission (the "SEC"), and other risks and uncertainties listed from time to time in our filings with the SEC.

Additional information concerning these and other factors is contained in our filings with the SEC, including but not limited to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and our Annual Report on Form 10-K for the year ended December 31, 2013. All forward-looking statements in this prospectus supplement, the accompanying prospectus, any related company free writing prospectus and the documents incorporated by reference herein and therein are based upon information available to us on the date of this prospectus supplement or such document. There may be other factors of which we are not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. We do not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting such statements other than as required by law.

Table of Contents

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights basic information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing. You should read this entire prospectus supplement, the accompanying prospectus and any related company free writing prospectus carefully, including the section entitled *Risk Factors* and the *Special Note Regarding Forward-Looking Statements* in this prospectus supplement, as well as the materials filed with the SEC that are considered to be a part of this prospectus supplement, the accompanying prospectus and any related company free writing prospectus before making an investment decision. See *Where You Can Find More Information* in this prospectus supplement.*

**The Company**

American was founded in 1934 and is a principal wholly owned subsidiary of AAG, a Delaware corporation. All of American's common stock is owned by AAG. American operates in five primary domestic markets: Dallas/Fort Worth, Chicago, Miami, New York City and Los Angeles. As of December 31, 2013, American operated a mainline fleet of 627 aircraft. As of December 31, 2013, American, together with American Eagle Airlines, Inc. and the third-party regional carriers that provide regional feed to American, served more than 270 communities in more than 50 countries using a combined network fleet of 908 aircraft. American is a founding member of **oneworld**<sup>®</sup> alliance and is one of the largest scheduled air freight carriers in the world, providing a wide range of freight and mail services to shippers throughout its system onboard its passenger fleet. American had approximately 87 million passengers boarding its mainline flights in 2013.

On November 29, 2011, AMR, American, and certain of AMR's other direct and indirect domestic subsidiaries (collectively, the *Debtors*) filed voluntary petitions for relief (the *Chapter 11 Cases*) under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the *Bankruptcy Court*). On October 21, 2013, the Bankruptcy Court entered an order approving and confirming the Debtors' fourth amended joint plan of reorganization (as amended, the *Bankruptcy Plan*). On December 9, 2013, the Debtors consummated their reorganization pursuant to the Bankruptcy Plan, principally through the transactions contemplated by the Merger Agreement. Following the Merger, American and US Airways began moving toward operating under the single brand name of American Airlines. Until a single operating certificate is issued by the Federal Aviation Administration (the *FAA*) and the operational integration is complete, American and US Airways will continue to operate as separate airlines. This process is expected to take 18-24 months.

American's principal executive office is located at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155. American's telephone number is 817-967-1234 and its Internet address is [www.aa.com](http://www.aa.com). Information contained on American's website is not and should not be deemed a part of this prospectus supplement.

**Table of Contents****Summary of Terms of Certificates**

	<b>Class A Certificates</b>	<b>Class B Certificates</b>
Aggregate Face Amount	\$741,460,000	\$215,424,000
Interest Rate	%	%
Initial Loan to Aircraft Value Ratio (cumulative)(1)(2)	54.2%	69.7%
Expected Maximum Loan to Aircraft Value Ratio (cumulative)(2)	54.2%	69.7%
Expected Principal Distribution Window (in years from Issuance Date)	0.5-12.0	0.5-8.0
Initial Average Life (in years from Issuance Date)	8.4	5.4
Regular Distribution Dates	April 1 and October 1	April 1 and October 1
Final Expected Regular Distribution Date(3)	October 1, 2026	October 1, 2022
Final Legal Distribution Date(4)	April 1, 2028	April 1, 2024
Minimum Denomination(5)	\$2,000	\$2,000
Section 1110 Protection	Yes	Yes
Liquidity Facility Coverage	3 semiannual interest payments	3 semiannual interest payments

- (1) These percentages are calculated assuming that each of the Aircraft listed under Equipment Notes and the Aircraft in this prospectus supplement summary has been subjected to an Indenture and that the Trusts have purchased the related Equipment Notes for each such Aircraft as of April 1, 2015, the first Regular Distribution Date that occurs after December 31, 2014 (the *Outside Termination Date*). In calculating these percentages, we have assumed that principal distributions expected to be made on such date have been made and that the aggregate appraised value of all such Aircraft is \$1,327,187,110 as of such date. The appraised value is only an estimate and reflects certain assumptions. See Description of the Aircraft and the Appraisals The Appraisals.
- (2) See Loan to Aircraft Value Ratios in this prospectus supplement summary for the method and assumptions we used in calculating the loan to Aircraft value ratios and a discussion of certain ways that such loan to Aircraft value ratios could change.
- (3) Each series of Equipment Notes will mature on the final expected Regular Distribution Date for the Certificates issued by the Trust that owns such Equipment Notes.
- (4) The Final Legal Distribution Date for each of the Class A Certificates and Class B Certificates is the date which is 18 months from the final expected Regular Distribution Date for that class of Certificates, which represents the period corresponding to the applicable Liquidity Facility coverage of three successive semiannual interest payments.
- (5) The Certificates will be issued in minimum denominations of \$2,000 (or such other denomination that is the lowest integral multiple of \$1,000 that is, at the time of issuance, equal to at least 1,000 euros) and integral multiples of \$1,000 in excess thereof, except that one Certificate of each class may be issued in a different denomination.

**Equipment Notes and the Aircraft**

The Trusts are expected to hold Equipment Notes issued for, and secured by, each of five Airbus A319-112 aircraft delivered new to American in 2013, seven Airbus A321-231 aircraft delivered new to American in 2014, and five Boeing 777-323ER aircraft delivered new to American from 2012 to 2014 (each such aircraft, an *Aircraft*, and, collectively, the *Aircraft*).

S-2



**Table of Contents**

Each Aircraft is being operated by American. Two of the Boeing 777-323ER aircraft, each of the five Airbus A319-112 aircraft and each of the seven Airbus A321-231 aircraft are owned by American as of the date of this prospectus supplement. Three of the Boeing 777-323ER aircraft (collectively, the *Owner Trust Aircraft*) are held by owner trusts and leased by American as of the date of this prospectus supplement. American owns the beneficial interest in each such owner trust as of the date of this prospectus supplement. It will be a condition to the issuance of the Equipment Notes with respect to each Owner Trust Aircraft that American terminate the related owner trust and take title to such Owner Trust Aircraft. Such Owner Trust Aircraft will be free and clear of any liens once they are owned by American, other than liens securing the Equipment Notes or otherwise permitted under the Indentures. See *Description of the Aircraft and the Appraisals* for a description of each Aircraft. Set forth below is certain information about the Equipment Notes expected to be held in the Trusts and each of the Aircraft expected to secure such Equipment Notes.

On and subject to the terms and conditions of the Note Purchase Agreement and the forms of financing agreements attached to the Note Purchase Agreement, American agrees to enter into a secured debt financing with respect to each Aircraft on or prior to the Outside Termination Date. See *Description of the Aircraft and the Appraisals Deliveries of Aircraft*.

Aircraft Type	Manufacturer's			Initial Principal Amount of Series A Equipment Notes and Series B Equipment Notes	Appraised Value(1)	Latest Equipment Note Maturity Date
	Registration Number	Serial Number	Month of Delivery			
Boeing 777-323ER(2)(3)	N717AN	31543	December 2012	\$ 109,934,000	\$ 154,880,000	October 1, 2026
Boeing 777-323ER(2)(3)	N718AN	41665	December 2012	109,948,000	154,900,000	October 1, 2026
Boeing 777-323ER(2)(3)	N719AN	41668	January 2013	112,644,000	158,697,918	October 1, 2026
Boeing 777-323ER(3)	N726AN	31550	December 2013	116,336,000	163,899,156	October 1, 2026
Boeing 777-323ER(3)	N727AN	33541	February 2014	117,602,000	165,682,892	October 1, 2026
Airbus A319-112	N8001N	5678	July 2013	25,702,000	36,210,000	October 1, 2026
Airbus A319-112	N9004F	5745	August 2013	25,844,000	36,410,000	October 1, 2026
Airbus A319-112	N4005X	5753	August 2013	25,844,000	36,410,000	October 1, 2026
Airbus A319-112	N9012	5810	October 2013	26,135,000	36,820,000	October 1, 2026
Airbus A319-112			November			
	N3014R	5842	2013	26,277,000	37,020,000	October 1, 2026
Airbus A321-231(4)	N108NN	5946	January 2014	37,016,000	52,150,000	October 1, 2026
Airbus A321-231(4)	N110AN	5975	February 2014	37,130,000	52,310,000	October 1, 2026
Airbus A321-231(4)	N111ZM	5983	February 2014	37,137,000	52,320,000	October 1, 2026
Airbus A321-231(4)	N112AN	5991	March 2014	37,215,000	52,430,000	October 1, 2026
Airbus A321-231(4)	N113AN	6020	March 2014	37,243,000	52,470,000	October 1, 2026
Airbus A321-231(4)	N115NN	6063	May 2014	37,435,000	52,740,000	October 1, 2026
Airbus A321-231(4)	N117AN	6094	May 2014	37,442,000	52,750,000	October 1, 2026
<b>Total:</b>				\$ 956,884,000	\$ 1,348,099,966	

- (1) The appraised value of each Aircraft set forth above is the lesser of the average and median appraised value of such Aircraft as appraised by three independent appraisal and consulting firms (Aircraft Information Services, Inc. ( *AISI* ), BK Associates, Inc. ( *BK* ) and Morten Beyer & Agnew, Inc. ( *MBA*, and together with AISI and BK, the *Appraisers* ). Such appraisals indicate appraised base value of each Aircraft, adjusted for the maintenance status of such Aircraft at or around the time of the related appraisal. The AISI appraisal is dated August 28, 2014 and the BK appraisal and the MBA appraisal are each dated August 27, 2014. The Appraisers based their appraisals on varying assumptions (which may not reflect current market conditions) and methodologies. See Description of the Aircraft and the Appraisals The Appraisals. An appraisal is only an estimate of value and you should not rely on any appraisal as a measure of realizable value. See Risk Factors Risks Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.
- (2) This aircraft is an Owner Trust Aircraft as of the date of this prospectus supplement. American owns the beneficial interest in the related owner trust as of the date of this prospectus supplement. It will be a condition to the issuance of an Equipment Note with respect to this aircraft that American terminate such owner trust and take title to such aircraft prior to any such issuance.
- (3) This aircraft is approved for Extended-range Twin-engine Operations ( *ETOPs* ).
- (4) This aircraft currently has a transcontinental passenger configuration with 102 seats.

**Table of Contents****Loan to Aircraft Value Ratios**

The following table provides loan to Aircraft value ratios ( *LTVs* ) for each class of Certificates, assuming that each of the Aircraft has been subjected to an Indenture and that the Trusts have purchased the related Equipment Notes for each such Aircraft, as of April 1, 2015 (the first Regular Distribution Date that occurs after the Outside Termination Date) and each Regular Distribution Date thereafter. The *LTVs* for any period prior to April 1, 2015 are not included, because during such period all of the Equipment Notes expected to be acquired by the Trusts with respect to each Aircraft may not yet be issued and therefore are not included in the calculation. The table is not a forecast or prediction of expected or likely *LTVs*, but simply a mathematical calculation based upon one set of assumptions. See Risk Factors Risks Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.

We compiled the following table on an aggregate basis. However, the Equipment Notes issued under an Indenture are entitled only to certain specified cross-collateralization provisions as described under Description of the Equipment Notes Security. The relevant *LTVs* in a default situation for the Equipment Notes issued under a particular Indenture would depend on various factors, including the extent to which the debtor or trustee in bankruptcy agrees to perform American's obligations under the Indentures. Therefore, the following aggregate *LTVs* are presented for illustrative purposes only and should not be interpreted as indicating the degree of cross-collateralization available to the holders of the Certificates.

Date	Aggregate	Pool Balance(2)		LTV(3)	
	Assumed Aircraft Value(1)	Class A Certificates	Class B Certificates	Class A Certificates	Class B Certificates
April 1, 2015	\$ 1,327,187,110	\$ 719,728,944	\$ 205,493,575	54.2%	69.7%
October 1, 2015	1,306,274,254	698,325,083	195,768,490	53.5%	68.4%
April 1, 2016	1,285,361,398	677,243,399	186,251,120	52.7%	67.2%
October 1, 2016	1,264,448,542	656,483,891	176,941,465	51.9%	65.9%
April 1, 2017	1,243,535,686	636,046,560	167,839,524	51.1%	64.6%
October 1, 2017	1,222,622,830	615,931,405	158,945,297	50.4%	63.4%
April 1, 2018	1,201,709,974	596,138,427	150,258,786	49.6%	62.1%
October 1, 2018	1,180,797,118	576,667,625	141,779,989	48.8%	60.8%
April 1, 2019	1,159,884,262	557,519,000	130,805,969	48.1%	59.3%
October 1, 2019	1,138,971,406	538,692,551	120,137,159	47.3%	57.8%
April 1, 2020	1,118,058,550	520,188,279	109,773,558	46.5%	56.3%
October 1, 2020	1,097,145,694	502,006,183	99,715,166	45.8%	54.8%
April 1, 2021	1,076,232,838	482,654,865	91,453,382	44.8%	53.3%
October 1, 2021	1,055,319,982	463,683,662	83,438,869	43.9%	51.8%
April 1, 2022	1,034,407,126	445,092,573	75,671,628	43.0%	50.3%
October 1, 2022	1,013,494,270	426,881,598	0	42.1%	0.0%
April 1, 2023	992,581,414	409,050,738	0	41.2%	0.0%
October 1, 2023	971,668,558	391,599,992	0	40.3%	0.0%
April 1, 2024	950,755,702	374,529,361	0	39.4%	0.0%
October 1, 2024	929,842,846	357,838,844	0	38.5%	0.0%
April 1, 2025	908,929,990	341,528,441	0	37.6%	0.0%

Edgar Filing: AMERICAN AIRLINES INC - Form 424B5

October 1, 2025	888,017,134	325,598,153	0	36.7%	0.0%
April 1, 2026	867,104,278	310,047,979	0	35.8%	0.0%
October 1, 2026	846,191,422	0	0	0.0%	0.0%

S-4

**Table of Contents**

- (1) In calculating the aggregate Assumed Aircraft Value, we assumed that the appraised value of each Aircraft determined as described under Description of the Aircraft and the Appraisals declines in accordance with the Depreciation Assumption described under Description of the Equipment Notes Loan to Value Ratios of Equipment Notes. Other rates or methods of depreciation could result in materially different LTVs. We cannot assure you that the depreciation rate and method assumed for purposes of the above table are the ones most likely to occur or predict the actual future value of any Aircraft. See Risk Factors Risks Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.
- (2) The pool balance for each class of Certificates indicates, as of any date, after giving effect to any principal distributions expected to be made on such date, the portion of the original face amount of such class of Certificates that has not been distributed to Certificateholders.
- (3) We obtained the LTVs for each class of Certificates for each Regular Distribution Date by dividing (i) the expected outstanding pool balance of such Class (together, in the case of the Class B Certificates, with the expected outstanding pool balance of the Class A Certificates) after giving effect to the principal distributions expected to be made on such date, by (ii) the aggregate Assumed Aircraft Value of all of the Aircraft expected to be included in the collateral pool on such date based on the assumptions described above. The outstanding pool balances and LTVs for any date will change if, among other things, any Equipment Notes are redeemed or purchased, if a default in payment on any Equipment Notes occurs or if any Aircraft is not subjected to an Indenture and the related Equipment Notes are not acquired by the Trusts.

**Table of Contents**

**Cash Flow Structure**

This diagram illustrates the structure for the offering of the Certificates and certain cash flows.

- (1) American will issue Series A Equipment Notes and Series B Equipment Notes in respect of each Aircraft. The Equipment Notes will be issued under a separate Indenture with respect to each Aircraft.
- (2) The separate Liquidity Facility for each of the Class A Certificates and Class B Certificates is expected to cover up to three semiannual interest distributions on the Class A Certificates and Class B Certificates, respectively, except that the Liquidity Facilities will not cover interest on the Deposits.
- (3) The proceeds of the offering of each class of Certificates will initially be held in escrow and deposited with the Depositary, pending the financing of each Aircraft under the related Indenture. The Depositary will hold such funds as interest-bearing Deposits. Each Trust will withdraw funds from the Deposits relating to such Trust to purchase from American the related series of Equipment Notes from time to time as each Aircraft is subjected to the related Indenture. The Scheduled Payments of interest on the Equipment Notes held by, and on the Deposits relating to, a Trust, taken together, will be sufficient to pay accrued interest on the outstanding Certificates of such Trust. Under certain circumstances, funds in Deposits relating to a Trust will be withdrawn prior to the Delivery Period Termination Date and distributed to the holders of Certificates of such Trust, together with accrued and unpaid interest thereon, but without any premium. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be distributed, with accrued and unpaid interest on such remaining funds, but without any premium, to the holders of the related class of Certificates. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits. No interest will accrue with respect to the Deposits after they have been fully withdrawn. The Liquidity Facilities will not cover interest on the Deposits.

**Table of Contents**

**The Offering**

Trusts and Certificates	Each of the Class A Trust and Class B Trust will be formed pursuant to a separate trust supplement entered into between American and Wilmington Trust Company to a basic pass through trust agreement between American and Wilmington Trust Company, as Trustee under each Trust. Each class of Certificates will represent fractional undivided interests in the related Trust.
Certificates Offered	Class A Certificates.  Class B Certificates.
Use of Proceeds	The proceeds from the sale of the Certificates of each Trust will initially be held in escrow and deposited with the Depository, pending the financing of each Aircraft under a related Indenture. Each Trust will withdraw funds from the escrow relating to such Trust to acquire from American the related series of Equipment Notes to be issued as the Aircraft are subjected to the related Indentures.  The Equipment Notes will be full recourse obligations of American. American will use the proceeds from the issuance of the Equipment Notes issued with respect to each Aircraft for general corporate purposes and to pay fees and expenses relating to this offering.
Subordination Agent, Trustee, Paying Agent and Loan Trustee	Wilmington Trust Company.
Escrow Agent	Wilmington Trust, National Association.
Depository	Crédit Agricole Corporate and Investment Bank, acting through its New York Branch.

Liquidity Provider for the Class A Certificates and Class B Certificates Initially, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch.

S-7



**Table of Contents**

Trust Property

The property of each Trust will include:

subject to the Intercreditor Agreement, the Equipment Notes acquired by such Trust prior to the Delivery Period Termination Date, all monies at any time paid thereon and all monies due and to become due thereunder;

the rights of such Trust to acquire the related series of Equipment Notes under the Note Purchase Agreement;

the rights of such Trust under the applicable Escrow Agreement to request the Escrow Agent to withdraw from the Depository funds sufficient to enable such Trust to purchase the related series of Equipment Notes upon the financing of an Aircraft under the related Indenture prior to the Delivery Period Termination Date;

the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights);

all monies receivable under the separate Liquidity Facility for such Trust; and

funds from time to time deposited with the applicable Trustee in accounts relating to such Trust.

Regular Distribution Dates

April 1 and October 1 of each year, commencing on April 1, 2015.

Record Dates

The fifteenth day preceding the related Distribution Date.

Distributions

The Trustee of each Trust will distribute payments of principal, Make-Whole Amount (if any) and interest received on the Equipment Notes held in such Trust to

the holders of the Certificates of such Trust, subject to the subordination provisions set forth in the Intercreditor Agreement.

Subject to the subordination provisions set forth in the Intercreditor Agreement,

Scheduled Payments of principal and interest made on the Equipment Notes will be distributed on the applicable Regular Distribution Dates; and

payments in respect of, or any proceeds of, any Equipment Notes or the Collateral under any Indenture, including payments resulting from any early redemption of such Equipment

S-8

**Table of Contents**

Notes, will be distributed on a Special Distribution Date after not less than 15 days notice to Certificateholders.

See Escrowed Funds and Withdrawal and Return of Escrowed Funds below for a description of various distributions relating to the Deposits under certain circumstances.

Intercreditor Agreement

The Trustees, the Liquidity Providers and the Subordination Agent will enter into the Intercreditor Agreement. The Intercreditor Agreement prescribes how payments made on the Equipment Notes held by the Subordination Agent and made under each Liquidity Facility will be distributed. The Intercreditor Agreement also sets forth agreements among the Trustees and the Liquidity Providers relating to who will control the exercise of remedies under the Equipment Notes and the Indentures.

Subordination

Under the Intercreditor Agreement, after payment of certain fees and expenses, distributions on the Certificates generally will be made in the following order:

first, to the holders of the Class A Certificates to make distributions in respect of interest on the Class A Certificates;

second, to the holders of the Class B Certificates to make distributions in respect of interest on the Eligible B Pool Balance;

third, to the holders of the Class A Certificates to make distributions in respect of the Pool Balance of the Class A Certificates;

fourth, to the holders of the Class B Certificates to make distributions in respect of interest on the Pool Balance of the Class B Certificates not previously distributed under clause second above; and

fifth, to the holders of the Class B Certificates to make distributions in respect of the Pool Balance of the Class B Certificates.

Certain distributions to the Liquidity Providers will be made prior to distributions on the Class A Certificates and Class B Certificates, as discussed under Description of the Intercreditor Agreement Priority of Distributions.

Control of Loan Trustee

The holders of at least a majority of the outstanding principal amount of Equipment

S-9

Table of Contents

Notes issued under each Indenture will be entitled to direct the Loan Trustee under such Indenture in taking action as long as no Indenture Event of Default has occurred and is continuing thereunder. If an Indenture Event of Default has occurred and is continuing under an Indenture, subject to certain conditions, the Controlling Party will be entitled to direct the Loan Trustee under such Indenture in taking action (including in exercising remedies, such as accelerating such Equipment Notes or foreclosing the lien on the Aircraft with respect to which such Equipment Notes were issued).

The Controlling Party will be:

if Final Distributions have not been paid in full to the holders of the Class A Certificates, the Class A Trustee;

if Final Distributions have been paid in full to the holders of the Class A Certificates, but not to the holders of the Class B Certificates, the Class B Trustee; and

under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the greatest amount owed to it.

Limitation on Sale of Aircraft or Equipment Notes

In exercising remedies during the nine months after the earlier of (a) the acceleration of the Equipment Notes issued pursuant to any Indenture and (b) the bankruptcy or insolvency of American, the Controlling Party may not, without the consent of each Trustee (other than the Trustee of any Trust all of the Certificates of which are held or beneficially owned by American or American's affiliates), direct the sale of such Equipment Notes or the Aircraft subject to the lien of such Indenture for less than certain specified minimum amounts. See

Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies for a description of such minimum amounts and certain other limitations on the exercise of remedies.

Right to Buy Other Classes of Certificates

If American is in bankruptcy and certain other specified events have occurred:

the Class B Certificateholders (other than American or any of its affiliates) will have the right to purchase all, but not less than all, of the Class A Certificates; and

S-10

**Table of Contents**

if an additional class of junior certificates has been issued, the holders (other than American or any of its affiliates) of such additional junior certificates will have the right to purchase all, but not less than all, of the Class A Certificates and Class B Certificates.

The purchase price, in each case described above, of any class of Certificates will be the outstanding Pool Balance of such class of Certificates plus accrued and undistributed interest, without any premium, but including any other amounts then due and payable to the Certificateholders of such class.

Liquidity Facilities

Under the Liquidity Facility for each of the Class A Trust and Class B Trust, the applicable Liquidity Provider is required, if necessary, to make advances in an aggregate amount sufficient to pay interest distributions on the applicable Certificates on up to three successive semiannual Regular Distribution Dates (without regard to any expected future distributions of principal on such Certificates) at the applicable interest rate for such Certificates. Drawings under the Liquidity Facilities cannot be used to pay any amount in respect of the Certificates other than such interest and will not cover interest payable on amounts held in escrow as Deposits with the Depositary. See Description of the Liquidity Facilities for a description of the terms of the Liquidity Facilities, including the threshold rating requirements applicable to the Liquidity Providers.

Notwithstanding the subordination provisions under the Intercreditor Agreement, the holders of the Certificates issued by the Class A Trust or the Class B Trust will be entitled to receive and retain the proceeds of drawings under the Liquidity Facility for such Trust.

Upon each drawing under any Liquidity Facility to pay interest distributions on the related Certificates, the Subordination Agent will be obligated to reimburse the applicable Liquidity Provider for the amount of such drawing, together with interest on that drawing. Such reimbursement obligation and all interest, fees and other amounts owing to the applicable Liquidity Provider under each Liquidity Facility and certain other agreements will rank equally

**Table of Contents**

with comparable obligations relating to the other Liquidity Facility and will rank senior to all of the Certificates in right of payment.

Escrowed Funds

Funds in escrow for the Certificateholders of each Trust will be held by the Depositary as Deposits relating to such Trust. Subject to certain conditions, each Trustee may withdraw these funds from time to time to purchase the related series of Equipment Notes in respect of an Aircraft prior to the Delivery Period Termination Date. On each Regular Distribution Date, the Depositary will pay interest accrued on the Deposits relating to each Trust at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. The Deposits relating to each Trust and interest paid thereon will not be subject to the subordination provisions under the Intercreditor Agreement. The Deposits cannot be used to pay any other amount in respect of the Certificates. See Description of the Deposit Agreements for a description of the terms of the deposit arrangements, including the threshold rating requirements applicable to the Depositary.

Withdrawal and Return of Escrowed Funds

Under certain circumstances, less than all of the Deposits held in escrow may have been used to purchase Equipment Notes to be issued with respect to the Aircraft by the Delivery Period Termination Date. This could occur because of delays in the termination of one or more owner trusts holding a related Owner Trust Aircraft and transfer of title to such Owner Trust Aircraft to American, or because of other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be withdrawn by the Escrow Agent and distributed by the Paying Agent, with accrued and unpaid interest on such remaining funds, but without any premium, to the Certificateholders of such Trust on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution or, under certain circumstances, such remaining funds will be automatically returned by the Depositary to the Paying Agent on the Outside Termination Date, and the Paying Agent will distribute such funds to such



S-12

Table of Contents

Certificateholders as promptly as practicable thereafter. In addition, if a Triggering Event occurs prior to the Delivery Period Termination Date, any Deposits held in escrow will also be withdrawn and distributed to the applicable Certificateholders. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits. If any of certain events of loss occurs with respect to an Aircraft before such Aircraft is financed pursuant to this offering, any Deposits relating to such Aircraft held in escrow with respect to each Trust will be similarly withdrawn and distributed to the Certificateholders of such Trust. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits.

Obligation to Purchase Equipment Notes

The Trustees will be obligated to purchase the Equipment Notes issued with respect to each Aircraft prior to the Delivery Period Termination Date pursuant to the terms and conditions of the Note Purchase Agreement and the forms of financing agreements attached to the Note Purchase Agreement. On and subject to the terms and conditions of the Note Purchase Agreement and such forms of financing agreements, American agrees to enter into a secured debt financing with respect to each Aircraft on or prior to December 31, 2014 with the relevant parties pursuant to financing agreements that are substantially in the forms attached to the Note Purchase Agreement. American may use financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement so long as American obtains written confirmation from each Rating Agency to the effect that the use of such modified financing agreements will not result in a withdrawal, suspension or downgrading of the rating of each class of Certificates then rated by such Rating Agency and that remains outstanding. The terms of such financing agreements also must in any event comply with the Required Terms set forth in the Note Purchase Agreement. In addition, American, subject to certain exceptions, is obligated to certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders or any Liquidity Provider.



Table of Contents

Under the Note Purchase Agreement, the Trustees will not be obligated to purchase the Equipment Notes to be issued with respect to any Aircraft not yet financed if a Triggering Event occurs or certain specified conditions are not met. In addition, if any of certain events of loss occurs with respect to an Aircraft before such Aircraft is financed pursuant to this offering, the Trustees will not be obligated to purchase the Equipment Notes to be issued with respect to such Aircraft. The Trustees will have no right or obligation to purchase the Equipment Notes to be issued with respect to any Aircraft after the Delivery Period Termination Date. See Description of the Certificates Obligation to Purchase Equipment Notes.

Possible Issuance of Additional Certificates

Under certain circumstances, additional pass through certificates of one separate pass through trust, which will evidence fractional undivided ownership interests in a single new series of subordinated equipment notes with respect to some or all of the Aircraft, may be issued at any time in the future. Consummation of any such transaction will be subject to satisfaction of certain conditions, including receipt of confirmation from each Rating Agency to the effect that such transaction will not result in a withdrawal, suspension or downgrading of the rating for each class of Certificates then rated by such Rating Agency and that remains outstanding. The issuance of any additional pass through certificates in compliance with such conditions will not require the consent of any Trustee or any holders of any class of Certificates. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

If any Additional Certificates are issued, under certain circumstances, the holders of the Additional Certificates will have certain rights to purchase the Class A Certificates and Class B Certificates. See Description of the Certificates Certificate Buyout Right of Certificateholders. In addition, if any Additional Certificates are issued, the priority of distributions in the Intercreditor Agreement may be revised such that certain obligations relating to interest on the Additional Certificates may rank ahead of certain obligations with respect to the Class A Certificates and Class B Certificates.

S-14

**Table of Contents**

Equipment Notes	See Possible Issuance of Additional Certificates and Refinancing of Certificates.
(a) Issuer	Under each Indenture, American will issue Series A Equipment Notes and Series B Equipment Notes, which will be acquired, respectively, by the Class A Trust and Class B Trust.
(b) Interest	The Equipment Notes held in each Trust will accrue interest at the rate per annum applicable to the Certificates issued by such Trust set forth on the cover page of this prospectus supplement. Interest on the issued and outstanding Equipment Notes will be payable on April 1 and October 1, commencing on the first such date to occur after the issuance thereof, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
(c) Principal	Principal payments on the issued and outstanding Series A Equipment Notes and Series B Equipment Notes are scheduled to be paid in specified amounts on April 1 and October 1 in each year, commencing on April 1, 2015, and ending on October 1, 2026 in the case of the Series A Equipment Notes and October 1, 2022 in the case of the Series B Equipment Notes.
(d) Rankings	<p>The following subordination provisions will be applicable to the Equipment Notes issued under each Indenture:</p> <p>the indebtedness evidenced by the Series B Equipment Notes issued under such Indenture will be, to the extent and in the manner provided in such Indenture, subordinate and subject in right of payment to the Series A Equipment Notes issued under such Indenture;</p> <p>if American issues any Additional Equipment Notes under such Indenture, the indebtedness evidenced by such Additional Equipment Notes will be, to the</p>

extent and in the manner provided in such Indenture (as may be amended in connection with any issuance of such Additional Equipment Notes), subordinate and subject in right of payment to the Series A Equipment Notes and the Series B Equipment Notes issued under such

S-15

Table of Contents

Indenture (see Possible Issuance of Additional Certificates and Refinancing of Certificates ); and

the indebtedness evidenced by the Series A Equipment Notes, the Series B Equipment Notes and any Additional Equipment Notes issued under any Indenture will be, to the extent and in the manner provided in the other Indentures, subordinate and subject in right of payment under such other Indentures to the Equipment Notes issued under such other Indentures.

By virtue of the Intercreditor Agreement, all of the Equipment Notes held by the Subordination Agent will be effectively cross-subordinated. This means that payments received on a junior series of Equipment Notes issued in respect of one Aircraft may be applied in accordance with the priority of payment provisions set forth in the Intercreditor Agreement to make distributions on a more senior class of Certificates. See Description of the Intercreditor Agreement Priority of Distributions.

(e) Redemption

*Aircraft Event of Loss.* Under an Indenture, if an Event of Loss occurs with respect to an Aircraft, American will either:

substitute for such Aircraft under the related financing agreements an aircraft meeting certain requirements;  
or

redeem all of the outstanding Equipment Notes issued with respect to such Aircraft.

The redemption price in such case will be the unpaid principal amount of such Equipment Notes to be redeemed, together with accrued and unpaid interest, but without any premium.

*Optional Redemption.* American may elect to redeem at any time prior to maturity all of the outstanding



Equipment Notes issued with respect to an Aircraft; *provided* that all outstanding Equipment Notes issued with respect to all other Aircraft are simultaneously redeemed. In addition, American may elect to redeem the Series B Equipment Notes with respect to all Aircraft in connection with a refinancing of such series or without refinancing. See Possible Issuance of Additional Certificates and Refinancing of Certificates Refinancing of

S-16

---

**Table of Contents**

Certificates. The redemption price in each such case will be the unpaid principal amount of the Equipment Notes being redeemed, together with accrued and unpaid interest, plus the Make-Whole Amount (if any). See Description of the Equipment Notes Redemption.

(f) Security and cross-collateralization

The outstanding Equipment Notes issued with respect to each Aircraft will be secured by, among other things, a security interest in such Aircraft.

In addition, the Equipment Notes will be cross-collateralized to the extent described under Description of the Equipment Notes Security and Description of the Equipment Notes Subordination. This means, among other things, that any proceeds from the sale of any Aircraft by the Loan Trustee or other exercise of remedies under the related Indenture following an Indenture Event of Default under such Indenture will (after all of the Equipment Notes issued under such Indenture have been paid off, and subject to the provisions of the Bankruptcy Code) be available for application to shortfalls with respect to the Equipment Notes issued under the other Indentures and the other obligations secured by the other Indentures that are due at the time of such application. In the absence of any such shortfall at the time of such application, excess proceeds will be held by the Loan Trustee under such Indenture as additional collateral for the Equipment Notes issued under each of the other Indentures and will be applied to the payments in respect of the Equipment Notes issued under such other Indentures as they come due. However, if any Equipment Note ceases to be held by the Subordination Agent (as a result of sale during the exercise of remedies by the Controlling Party or otherwise), such Equipment Note will cease to be entitled to the benefits of cross-collateralization. Any cash Collateral held as a result of the cross-collateralization of the Equipment Notes would not be entitled to the benefits of Section 1110 of the Bankruptcy Code ( *Section 1110* ). See Description of the Equipment Notes Indenture Events of Default, Notice and Waiver.

If the Equipment Notes issued under any Indenture are repaid in full in the case of an Event of Loss with

S-17

**Table of Contents**

the lien on the applicable Aircraft under such Indenture will be released. Once the lien on any Aircraft is released, such Aircraft will no longer secure the amounts that may be owing under any Indenture.

(g) Airframe Substitution

American may elect to release any Airframe from the security interest of the related Indenture and substitute for it an airframe of the same model, so long as:

no Indenture Event of Default has occurred and is continuing at the time of substitution;

the substitute airframe has a date of manufacture no earlier than one year prior to the date of manufacture of the Airframe subject to such Indenture on the issuance date of the Equipment Notes under such Indenture; and

the substitute airframe has an appraised current market value, adjusted for its maintenance status, not less than that of the released Airframe.

See Description of the Equipment Notes Security Substitution of Airframe.

(h) Cross-default

There will be cross-default provisions in the Indentures. This means that if the Equipment Notes issued with respect to one Aircraft are in a continuing default, the Equipment Notes issued with respect to the remaining Aircraft also will be in default, and remedies will be exercisable with respect to all Aircraft.

(i) Section 1110 Protection

Counsel to American will provide an opinion to the Trustees that the benefits of Section 1110 will be available for each of the Aircraft. See Description of the Equipment Notes Remedies.

Material U.S. Federal Income Tax Consequences

No Trust will be treated as a corporation or other entity taxable as a corporation for United States federal income tax purposes. Each person acquiring an interest in

Certificates generally should report on its federal income tax return its pro rata share of income from the relevant Deposits and income from the Equipment Notes and other property held by the relevant Trust. See Material U.S. Federal Income Tax Consequences.

S-18

**Table of Contents**

Certain ERISA Considerations

Each person who acquires a Certificate or an interest therein will be deemed to have:

represented that either (a) no assets of a Plan or of any trust established with respect to a Plan have been used to purchase or hold such Certificate or an interest therein or (b) the purchase and holding of such Certificate or an interest therein by such person are exempt from the prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974, as amended ( *ERISA* ) and Internal Revenue Code of 1986, as amended (the *Code* ) or provisions of Similar Law (as defined below) pursuant to one or more prohibited transaction statutory or administrative exemptions; and

directed the Trustees to invest in the assets held in the Trusts pursuant to the terms and conditions described herein.

See Certain ERISA Considerations.

Governing Law

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

**Table of Contents****Summary Historical Consolidated Financial Data**

The following table presents summary historical consolidated financial data of American. We derived the annual historical financial data for the years ended December 31, 2013, 2012, 2011, 2010 and 2009 from American's audited consolidated financial statements and notes thereto, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. The selected consolidated financial data should be read in conjunction with American's consolidated financial statements for the respective periods, the related notes and the related reports of Ernst & Young LLP incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

We derived the historical consolidated financial data and certain operating data for the six months ended June 30, 2014 and 2013 from American's unaudited condensed consolidated financial statements incorporated by reference in this prospectus supplement, which should be read in conjunction herewith. See "Where You Can Find More Information" in this prospectus supplement. The data for such interim periods may not be indicative of results for the year as a whole.

To conform to current year presentation, certain operating revenue and expenses in prior years have been reclassified. As a result, prior year amounts may not agree to the amounts previously reported. See Note 4 to American's consolidated financial statements in Part II, Item 8B of American's Annual Report on Form 10-K for the year ended December 31, 2013.

	Six Months Ended		2013	Year Ended December 31,			
	June 30, 2014	2013		2012	2011	2010	2009
	(in millions)						
<b>Consolidated Statements of Operations data:</b>							
Total operating revenues	\$ 13,622	\$ 12,522	\$ 25,760	\$ 24,825	\$ 23,957	\$ 22,151	\$ 19,898
Total operating expenses	12,326	11,955	24,226	24,743	25,111	21,945	21,099
Operating income (loss)	1,296	567	1,534	82	(1,154)	206	(1,201)
Reorganization items, net(1)		(283)	(2,640)	(2,179)	(116)		
Net income (loss)	666	(25)	(1,526)	(1,926)	(1,965)	(469)	(1,474)
<b>Other Data:</b>							
Ratio of earnings to fixed charges(2)	2.46						

	June 30, 2014	December 31, 2013
	(in millions)	
<b>Consolidated Balance Sheet data:</b>		
Total assets	\$ 26,948	\$ 25,612
Long-term debt and capital leases, net of current maturities	9,585	9,852
Pension and postretirement benefits(3)	5,568	5,693
Bankruptcy settlement obligations	415	5,424
Stockholder's deficit	(3,765)	(9,660)

- (1) Reorganization items, net refers to revenues, expenses (including professional fees), realized gains and losses and provisions for losses that are realized or incurred as a direct result of the Chapter 11 Cases.

S-20



**Table of Contents**

- (2) As of June 30, 2014, American guaranteed \$500 million of US Airways Group's 6.125% senior notes and \$1.6 billion of US Airways Group's 2013 Citicorp Credit Facility. The impact of these unconditional guarantees is not included in the above computation. Earnings were inadequate to cover fixed charges by \$80 million, \$1.9 billion, \$2.5 billion, \$2.0 billion, \$533 million and \$1.8 billion for the six months ended June 30, 2013 and the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively. Fixed charges in the above computation include interest, as shown on our statement of operations, plus capitalized interest and the portion of rental expense deemed to be interest.
- (3) American's defined benefit pension plans were frozen effective November 1, 2012 and the Pilot B Plan, a defined contribution plan, was terminated on November 30, 2012. Further, American significantly modified its retiree medical plans in 2012 resulting in the recognition of a negative plan amendment.

**Table of Contents**

**RISK FACTORS**

*In considering whether to purchase the Certificates, you should carefully consider all of the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related company free writing prospectus, including but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2013, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and other information which may be incorporated by reference in this prospectus supplement and the accompanying prospectus after the date hereof. In addition, you should carefully consider the risk factors described below, along with any risk factors that may be included in our future reports to the SEC, as well as the Special Note Regarding Forward-Looking Statements.*

**Risks Relating to the Company and Industry-Related Risks**

***We could experience significant operating losses in the future.***

For a number of reasons, including those addressed in these risk factors, we might fail to achieve or maintain profitability and might experience significant losses. In particular, the condition of the economy, the level and volatility of fuel prices, the state of travel demand and intense competition in the airline industry have had, and will continue to have, an impact on our operating results, and may increase the risk that we will experience losses.

***Downturns in economic conditions adversely affect our business.***

Due to the discretionary nature of business and leisure travel spending, airline industry revenues are heavily influenced by the condition of the U.S. economy and economies in other regions of the world. Unfavorable conditions in these broader economies have resulted, and may result in the future, in decreased passenger demand for air travel and changes in booking practices, both of which in turn have had, and may have in the future, a strong negative effect on our revenues. In addition, during challenging economic times, actions by our competitors to increase their revenues can have an adverse impact on our revenues. See *The airline industry is intensely competitive and dynamic* below. Certain labor agreements to which we are a party limit our ability to reduce the number of aircraft in operation, and the utilization of such aircraft, below certain levels. As a result, we may not be able to optimize the number of aircraft in operation in response to a decrease in passenger demand for air travel.

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

Our operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in our business. Jet fuel market prices have fluctuated substantially over the past several years and prices continued to be volatile in the first six months of 2014.

Because of the amount of fuel needed to operate our business, even a relatively small increase in the price of fuel can have a material adverse aggregate effect on our operating results and liquidity. Due to the competitive nature of the airline industry and unpredictability of the market, we can offer no assurance that we may be able to increase our fares, impose fuel surcharges or otherwise increase revenues sufficiently to offset fuel price increases.

---

**Table of Contents**

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

We have a large number of older aircraft in our fleet, and these aircraft are not as fuel efficient as more recent models of aircraft, including those we have on order. We intend to continue to execute our fleet renewal plans to, among other things, improve the fuel efficiency of our fleet, and we are dependent on a limited number of major aircraft manufacturers to deliver aircraft on schedule. If we experience delays in delivery of the more fuel efficient aircraft that we have on order, we will be adversely affected.

Our aviation fuel purchase contracts generally do not provide meaningful price protection against increases in fuel costs. Prior to the closing of the Merger, we sought to manage the risk of fuel price increases by using derivative contracts. During the second quarter of 2014, we sold our portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. As of June 30, 2014, we do not have any fuel hedging contracts outstanding. We have not entered into any fuel hedges since the Effective Date, and our current policy is to not do so. Assuming we continue to pursue this policy, we will be fully exposed to fluctuations in fuel prices.

There can be no assurance that, at any given time, we will have derivatives in place to provide any particular level of protection against increased fuel costs or that our counterparties will be able to perform under our derivative contracts. To the extent we use derivative contracts that have the potential to create an obligation to pay upon settlement if prices decline significantly, such derivative contracts may limit our ability to benefit from lower fuel costs in the future. Also, a rapid decline in the projected price of fuel at a time when we have fuel hedging contracts in place could adversely impact our short-term liquidity, because hedge counterparties could require that we post collateral in the form of cash or letters of credit. See also the discussion in Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk *American Airlines Market Risk Sensitive Instruments and Positions Aircraft Fuel* of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and regulations promulgated by the Commodity Futures Trading Commission ( *CFTC* ) introduce new requirements for centralized clearing for over-the-counter derivatives. This may include our fuel derivative contracts, if any. Our board of directors has approved our election of the *CFTC*'s end-user exemption, which permits us as a non-financial end user of derivatives to hedge commercial risk and be exempt from the *CFTC* mandatory clearing requirements. However, depending on the final regulations adopted by the *CFTC* and other regulators, our derivative contract counterparties may be subject to regulatory requirements and resulting new practices that may raise their costs. Those increased costs may in turn be passed on to us, resulting in increased transaction costs to execute derivative contracts and lower credit thresholds to post collateral.

***The airline industry is intensely competitive and dynamic.***

Our competitors include other major domestic airlines and foreign, regional and new entrant airlines, as well as joint ventures formed by some of these airlines, many of which have more financial or other resources and/or lower cost structures than ours, as well as other forms of transportation, including rail and private automobiles. In many of our markets we compete with at least one low-cost air carrier. Our revenues are sensitive to the actions of other carriers in many areas including pricing,

S-23

---

**Table of Contents**

scheduling, capacity and promotions, which can have a substantial adverse impact not only on our revenues, but on overall industry revenues. These factors may become even more significant in periods when the industry experiences large losses, as airlines under financial stress, or in bankruptcy, may institute pricing structures intended to achieve near-term survival rather than long-term viability.

Low-cost carriers have a profound impact on industry revenues. Using the advantage of low unit costs, these carriers offer lower fares in order to shift demand from larger, more established airlines. Some low-cost carriers, which have cost structures lower than ours, have better recent financial performance and have announced growth strategies including commitments to acquire significant numbers of aircraft for delivery in the next few years. These low-cost carriers are expected to continue to increase their market share through growth and, potentially, consolidation, and could continue to have an impact on our overall performance. For example, amendments to the Wright Amendment Reform Act of 2006 have reduced geographic restrictions on operations by Southwest Airlines and other carriers at Dallas Love Field ( *DAL* ) and will eliminate all domestic non-stop geographic restrictions on operations there in October 2014. This has increased low-cost carrier competition for our operations at Dallas/Fort Worth. In addition, the two gates at DAL that we divested as part of our settlement of antitrust litigation related to the Merger have been allocated to Virgin America, a low-cost carrier. The actions of the low-cost carriers, including those described above, could have a material adverse effect on our operations and financial performance.

Certain airline alliances have been, or may in the future be, granted immunity from antitrust regulations by governmental authorities for specific areas of cooperation, such as joint pricing decisions. To the extent alliances formed by our competitors can undertake activities that are not available to us, our ability to effectively compete may be hindered.

We have implemented a joint business agreement ( *JBA* ) with British Airways, Iberia and Finnair, and antitrust-immunized cooperation with British Airways, Iberia, Finnair and Royal Jordanian. In addition, we have implemented an antitrust-immunized JBA with Japan Airlines and a JBA with Qantas. No assurances can be given as to any benefits that we may derive from such arrangements or any other arrangements that may ultimately be implemented.

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

***We may be unable to integrate operations successfully and realize the anticipated synergies and other benefits of the Merger.***

The Merger involves the combination of two companies that operated as independent public companies prior to the Merger, and each of which operated its own international network airline. Historically, the integration of separate airlines has often proven to be more time consuming and to require more resources than initially estimated. We must devote significant management attention and resources to integrating our business practices, cultures and operations. Potential difficulties we may encounter as part of the integration process include the following:

the inability to successfully combine our businesses in a manner that permits us to achieve the synergies and other benefits anticipated to result from the Merger;

S-24

**Table of Contents**

the challenge of integrating complex systems, operating procedures, regulatory compliance programs, technology, aircraft fleets, networks, and other assets in a manner that minimizes any adverse impact on customers, suppliers, employees, and other constituencies;

the effects of divestitures and other operational commitments in connection with the settlement of the litigation brought by the Department of Justice ( DOJ ) and certain states prior to the closing of the Merger;

the challenge of forming and maintaining an effective and cohesive management team;

the diversion of the attention of our management and other key employees;

the challenge of integrating workforces while maintaining focus on providing consistent, high quality customer service and running an efficient operation;

the risks relating to integrating various computer, communications and other technology systems, including designing and implementing an integrated customer reservations system, that will be necessary to operate American and US Airways as a single airline and to achieve cost synergies by eliminating redundancies in the businesses;

the disruption of, or the loss of momentum in, our ongoing business;

branding or rebranding initiatives may involve substantial costs and may not be favorably received by customers; and

potential unknown liabilities, liabilities that are significantly larger than we currently anticipate and unforeseen increased expenses or delays associated with the Merger, including costs in excess of the cash transition costs that we currently anticipate.

We have submitted to the FAA a transition plan for merging the day-to-day operations of American and US Airways under a single operating certificate. The issuance of a single operating certificate will occur when the FAA agrees that we have achieved a level of integration that can be safely managed under one certificate. While the parties currently believe that such approval can be obtained within two years from the closing of the Merger, the actual time required and cost incurred to receive this approval cannot be predicted. Any delay in the grant of such approval or increase in costs beyond those presently expected could have a material adverse effect on the completion date of our integration plan and receipt of the benefits expected from that plan. See *We face challenges in integrating our computer, communications and other technology systems* below.

Accordingly, we may not be able to realize the contemplated benefits of the Merger fully, or at all, or it may take longer and cost more to realize such benefits than expected.

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

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

limit our ability to obtain additional funding for working capital, to withstand operating risks that are customary in the industry, capital expenditures, acquisitions, investments, integration costs, and general corporate purposes, and adversely affect the terms on which such funding can be obtained;

require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness and other obligations, thereby reducing the funds available for other purposes;

S-25



**Table of Contents**

make us more vulnerable to economic downturns and catastrophic external events;

contain restrictive covenants that could:

limit our ability to merge, consolidate, sell assets, incur additional indebtedness, issue preferred stock, make investments and pay dividends; and

significantly constrain our ability to respond, or respond quickly, to unexpected disruptions in our own operations, the U.S. or global economies, or the businesses in which we operate, or to take advantage of opportunities that would improve our business, operations, or competitive position versus other airlines; and

limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions.

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

Our business plan contemplates significant investments in modernizing our fleet and integrating the American and US Airways businesses. Significant capital resources will be required to execute this plan, and, as a result, we estimate that, based on American's commitments as of June 30, 2014, American's planned aggregate expenditures for aircraft purchase commitments and certain engines on a consolidated basis for calendar years 2014-2018 would be approximately \$16.6 billion. We also currently anticipate cash transition costs to integrate our businesses following the Merger to be approximately \$1.2 billion, although these costs could exceed our expectations. Accordingly, we will need substantial financing or other capital resources. In addition, as of the date of this prospectus supplement, we have not arranged financing for a very large majority of the aircraft that we have on order, and we cannot be assured of the availability or cost of that financing. In particular, we do not have financing commitments for the following aircraft currently on order and scheduled to be delivered through 2016: 51 Airbus 320 family aircraft, 4 Boeing 737 family aircraft, 7 Boeing 777-300ER aircraft and 18 Boeing 787 family aircraft. In addition, we have financing commitments in place for only a small number of the aircraft currently on order and scheduled to be delivered in 2017 and beyond. The number of aircraft for which we do not have financing may change as we exercise purchase options or otherwise change our purchase and delivery schedules. If we are unable to arrange financing for such aircraft at customary advance rates and on terms and conditions acceptable to us, we may need to use cash from operations or cash on hand to purchase such aircraft or may seek to negotiate deferrals for such aircraft with the aircraft manufacturers.

Depending on numerous factors, many of which are out of our control, such as the state of the domestic and global economies, the capital and credit markets' view of our prospects and the airline industry in general, and the general availability of debt and equity capital at the time we seek capital, the financing or other capital resources that we will need may not be available to us, or may only be available on onerous terms and conditions. There can be no assurance that we will be successful in obtaining financing or other needed sources of capital to operate successfully. An inability to obtain necessary financing on acceptable terms would have a material adverse impact on our business, results of operations and financial condition.

***Increased costs of financing, a reduction in the availability of financing and fluctuations in interest rates could adversely affect our liquidity, results of operations and financial condition.***

Concerns about the systemic impact of inflation, the availability and cost of credit, energy costs and geopolitical issues, combined with continued changes in business activity levels and consumer confidence, increased unemployment and volatile oil prices, have in the past and may in the future contribute to volatility in the capital and credit markets. These market conditions could result in illiquid credit markets and wider credit spreads. Any such changes in the domestic and global financial markets may increase our costs of financing and adversely affect our ability to obtain financing needed for the acquisition of aircraft that we have contractual commitments to purchase and for other types of

S-26

## **Table of Contents**

financings we may seek in order to refinance debt maturities, raise capital or fund other types of obligations. Any downgrades to our credit rating may likewise increase the cost and reduce the availability of financing.

Further, a substantial portion of our indebtedness bears interest at fluctuating interest rates, primarily based on the London interbank offered rate for deposits of U.S. dollars ( *LIBOR* ). LIBOR tends to fluctuate based on general economic conditions, general interest rates, rates set by the Federal Reserve and other central banks, and the supply of and demand for credit in the London interbank market. We have not hedged our interest rate exposure with respect to the \$1.9 billion term loan facility and the \$1.0 billion revolving credit facility provided for by the credit and guaranty agreement, as amended, entered into June 27, 2013 between AAG, American and certain lenders ( *Credit Facilities* ) and other of our floating rate debt, and accordingly, our interest expense for any particular period may fluctuate based on LIBOR and other variable interest rates. To the extent these interest rates increase, our interest expense will increase, in which event we may have difficulties making interest payments and funding our other fixed costs, and our available cash flow for general corporate requirements may be adversely affected.

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

We have a significant amount of fixed obligations, including debt, pension costs, aircraft leases and financings, aircraft purchase commitments, leases and developments of airport and other facilities and other cash obligations. We also have certain guaranteed costs associated with our regional operations.

As a result of the substantial fixed costs associated with these obligations:

a decrease in revenues results in a disproportionately greater percentage decrease in earnings;

we may not have sufficient liquidity to fund all of these fixed obligations if our revenues decline or costs increase; and

we may have to use our working capital to fund these fixed obligations instead of funding general corporate requirements, including capital expenditures.

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

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

Our pension funding obligations are significant. The amount of these obligations will depend on the performance of investments held in trust by the pension plans, interest rates for determining liabilities and actuarial experience. Currently, our minimum funding obligation for our pension plans is subject to temporary favorable rules that are scheduled to expire at the end of 2017. Upon the expiration of those rules, our funding obligations are likely to increase materially. In addition, we have significant obligations for other post-employment benefits the ultimate amount of which depends on, among other things, the outcome of an adversary proceeding related to retiree medical and life insurance obligations filed in the Chapter 11 cases.

S-27

## **Table of Contents**

***Any failure to comply with the covenants contained in our financing arrangements may have a material adverse effect on our business, results of operations and financial condition.***

The terms of the Credit Facilities require AAG and American to ensure that AAG and its restricted subsidiaries maintain consolidated unrestricted cash and cash equivalents and amounts available to be drawn under revolving credit facilities in an aggregate amount not less than \$2.0 billion.

Our ability to comply with these liquidity covenants while paying the fixed costs associated with our contractual obligations and our other expenses, including significant pension and other post-employment funding obligations and cash transition costs associated with the Merger, will depend on our operating performance and cash flow, which are seasonal, as well as factors including fuel costs and general economic and political conditions.

In addition, our credit facilities and certain other financing arrangements include covenants that, among other things, limit our ability to pay dividends and make certain other payments, make certain investments, incur additional indebtedness, enter into certain affiliate transactions and engage in certain business activities, in each case subject to certain exceptions.

The factors affecting our liquidity (and our ability to comply with related liquidity and other covenants) will remain subject to significant fluctuations and uncertainties, many of which are outside our control. Any breach of our liquidity and other covenants or failure to timely pay our obligations could result in a variety of adverse consequences, including the acceleration of our indebtedness, the withholding of credit card proceeds by our credit card processors and the exercise of remedies by our creditors and lessors. In such a situation, we may not be able to fulfill our contractual obligations, repay the accelerated indebtedness, make required lease payments or otherwise cover our fixed costs.

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

We have agreements with companies that process customer credit card transactions for the sale of air travel and other services. These agreements allow these processing companies, under certain conditions (including, with respect to certain agreements, the failure of American to maintain certain levels of liquidity) to hold an amount of our cash (a *holdback* ) equal to some or all of the advance ticket sales that have been processed by that company, but for which we have not yet provided the air transportation. We are not currently required to maintain any holdbacks pursuant to these requirements. These holdback requirements can be modified at the discretion of the processing companies upon the occurrence of specific events, including material adverse changes in our financial condition. An increase in the current holdback balances to higher percentages up to and including 100% of relevant advanced ticket sales could materially reduce our liquidity. Likewise, other of our commercial agreements contain provisions that allow other entities to impose less favorable terms, including the acceleration of amounts due, in the event of material adverse changes in our financial condition.

***The historical consolidated financial information contained in this prospectus supplement is not directly comparable to our financial information for prior or future periods.***

A number of factors render our historical consolidated financial information not directly comparable to our financial information for prior or future periods, including:

during the course of our Chapter 11 Cases and in connection with our emergence from Chapter 11 and the effectiveness of the Bankruptcy Plan, we recorded material expenses, charges, costs and other accounting entries related to our restructuring process, many of which

S-28

---

**Table of Contents**

generally had not been incurred in the past and are not expected to be incurred in the future; and

certain prior accounting presentations, including the manner in which we report our regional operations, have been changed and historical results restated to conform to the current presentation.

Due to these and other factors largely related to the Merger and the Bankruptcy Plan, investors are cautioned as to the limitations of our historical financial statements and urged to review carefully Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.

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

Relations between air carriers and labor unions in the U.S. are governed by the Railway Labor Act ( *RLA* ). Under the RLA, collective bargaining agreements generally contain amendable dates rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board ( *NMB* ).

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

None of the unions representing our employees presently may lawfully engage in concerted refusals to work, such as strikes, slow-downs, sick-outs or other similar activity, against us. Nonetheless, there is a risk that disgruntled employees, either with or without union involvement, could engage in one or more concerted refusals to work that could individually or collectively harm the operation of our airline and impair our financial performance. See Part I, Item 1 Business Employees and Labor Relations in our Annual Report on Form 10-K for the year ended December 31, 2013.

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

Currently, we believe our labor costs are competitive relative to the other large network carriers. However, we cannot provide assurance that labor costs going forward will remain competitive because some of our agreements are amendable now and others may become amendable, competitors may significantly reduce their labor costs or we may agree to higher-cost provisions in our current or future labor negotiations. As of December 31, 2013, approximately 70% of our employees were represented for collective bargaining purposes by labor unions. Some of our unions have brought and may continue to bring grievances to binding arbitration, including related to wages. Unions may also bring court actions and may seek to compel us to engage in bargaining processes where we believe we have no





---

**Table of Contents**

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

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

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

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

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

In addition, operations at four major domestic airports, certain smaller domestic airports and certain foreign airports served by us are regulated by governmental entities through the use of slots or similar regulatory mechanisms which limit the rights of carriers to conduct operations at those airports. Each slot represents the authorization to land at or take off from the particular airport during a specified time period and may have other operational restrictions as well. In the U.S., the FAA currently regulates the allocation of slot or slot exemptions at Ronald Reagan Washington National Airport and three New York City airports: Newark, JFK and LaGuardia. Our operations at these airports generally require the allocation of slots or similar regulatory authority. Similarly, our operations at international airports in Frankfurt, London Heathrow, Paris and other airports outside the U.S. are regulated by local slot authorities pursuant to the International Air Transport Association's Worldwide Scheduling Guidelines and applicable local law. We cannot provide any assurance that regulatory changes regarding the allocation of slots or similar regulatory authority will not have a material adverse impact on our operations. For example, the FAA is planning a new rulemaking in 2014 to modify the current rules limiting flight operations at New York City's JFK and LaGuardia airports.

In connection with the settlement of litigation relating to the Merger brought by the DOJ and certain states, we entered into settlement agreements that provide for certain asset divestitures. In the agreement with the United States government, among other things, we, together with US Airways, agreed to divest and not reacquire for 10 years certain rights and assets consisting of 52 slot pairs at Washington Reagan National Airport, and 17 slot pairs at LaGuardia, in each case together with associated gates and related ground facilities necessary to operate those slot pairs, and two gates at each of Boston Logan International Airport, Chicago O'Hare International Airport, DAL, Los Angeles

S-30

---

**Table of Contents**

International Airport and Miami International Airport. The agreement with the plaintiff states requires us, subject to certain conditions and exceptions, to maintain certain hub operations in a manner generally consistent with historical operations and to continue to provide scheduled daily service to certain specified communities, both for limited periods of time. In addition, we entered into a related settlement with the U.S. Department of Transportation ( DOT ) related to small community service from Washington Reagan National Airport. Further, as a consequence of the Merger clearance process in the European Union ( EU ), we are required to make available one pair of London Heathrow slots for use by another carrier between London and Philadelphia, which the acquiring carrier can deploy on another Heathrow city pair after operating the slots on London-Philadelphia for a period of not less than three consecutive years, and, along with our JBA partners, we are required to make available for an initial period of up to seven years one pair of Heathrow slots for service between London and Miami that may be operated via an intermediate point.

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

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

A significant portion of our regional operations are conducted by third-party operators on our behalf, primarily under capacity purchase agreements. Due to our reliance on third parties to provide these essential services, we are subject to the risks of disruptions to their operations, which may result from many of the same risk factors disclosed in this prospectus supplement, such as the impact of adverse economic conditions, and other risk factors, such as a bankruptcy restructuring of any of the regional operators. We may also experience disruption to our regional operations if we terminate the capacity purchase agreement with one or more of our current operators and transition the services to another provider. As our regional segment provides revenues to us directly and indirectly (by providing flow traffic to our hubs), any significant disruption to our regional operations would have a material adverse effect on our business, results of operations and financial condition.

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

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

We rely on third-party distribution channels, including those provided by or through global distribution systems ( GDSs ) (e.g., Amadeus, Sabre and Travelport), conventional travel agents and

S-31

---

**Table of Contents**

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

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

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

For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures or operational restrictions. Our failure to timely comply with these requirements has in the past and may in the future result in fines and other enforcement actions by the FAA or other regulators. In addition, the FAA recently issued its final regulations governing pilot rest periods and work hours for all airlines certificated under Part 121 of the Federal Aviation Regulations. The rule, which became effective on January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, flight types, time zones, and other factors. These regulations, or other regulations, could have a material adverse effect on us and the industry.

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

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

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

changes in law which affect the services that can be offered by airlines in particular markets and at particular airports, or the types of fees that can be charged to passengers;



**Table of Contents**

the granting and timing of certain governmental approvals (including antitrust or foreign government approvals) needed for codesharing alliances and other arrangements with other airlines;

restrictions on competitive practices (for example, court orders, or agency regulations or orders, that would curtail an airline's ability to respond to a competitor);

the adoption of new passenger security standards or regulations that impact customer service standards (for example, a passenger bill of rights );

restrictions on airport operations, such as restrictions on the use of slots at airports or the auction or reallocation of slot rights currently held by us; and

the adoption of more restrictive locally-imposed noise restrictions.

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

In April 2013, the FAA announced the imposition of furloughs that resulted in reduced staffing, including among air traffic controllers, in connection with its implementation of budget reductions related to the federal government's response to the so-called sequester of government funding. These furloughs have been suspended as a result of Congressional legislation. However, we cannot predict whether there will be further furloughs or the impact of any such furloughs on our business. Any significant reduction in air traffic capacity at key airports in the U.S. could have a material adverse effect on our business, results of operations and financial condition. We also experienced delays in routine non-operational interactions with the FAA as a result of the government shut-down in 2013, and we may experience delays again in the event of any future government shut-down.

In addition, the ATC system is not successfully managing the growing demand for U.S. air travel. Air traffic controllers rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes. On February 14, 2012, the FAA Modernization and Reform Act of 2012 was signed. The law provides funding for the FAA to rebuild its ATC system, including switching from radar to a GPS-based system. It is uncertain when any improvements to the ATC system will take effect. Failure to update the ATC system in a timely manner and the substantial funding requirements that may be imposed on airlines of a modernized ATC system may have a material adverse effect on our business.

The ability of U.S. airlines to operate international routes is subject to change because the applicable arrangements between the U.S. and foreign governments may be amended from time to time and appropriate slots or facilities may not be made available. We currently operate on a number of international routes under government arrangements that limit the number of airlines permitted to operate on the route, the capacity of the airlines providing services on the route, or the number of airlines allowed access to particular airports. If an open skies policy were to be adopted for any of these routes, such an event could have a material adverse impact on us and could result in the impairment of material amounts of our related tangible and intangible assets. In addition, competition from revenue-sharing joint ventures, JBAs, and other alliance arrangements by and among other airlines could impair the value of our business and assets on the open skies routes. For example, the open skies air services agreement between the U.S. and the EU, which took effect in March 2008, provides airlines from the U.S. and EU member states open access to each other's

markets, with freedom of pricing and unlimited rights to fly from the U.S. to any airport in the EU, including London s Heathrow Airport. As a result of the agreement, we face increased competition in these markets, including Heathrow Airport. In addition, the open skies agreement between the U.S. and Brazil, which was signed in 2010 and takes full effect in 2015, has resulted in increased competition in the U.S./Brazil market.

S-33



---

**Table of Contents*****The airline industry is heavily taxed.***

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

Under DOT regulations, all governmental taxes and fees must be included in the prices we quote or advertise to our customers. Due to the competitive revenue environment, many increases in these fees and taxes have been absorbed by the airline industry rather than being passed on to the customer. Further increases in fees and taxes may reduce demand for air travel, and thus our revenues. For example, in January 2014, Congress restructured the September 11 security fee, which will increase the fee on some customers.

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

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

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

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

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

Acts of terrorism or fear of such attacks, including elevated national threat warnings, wars or other military conflicts, may depress air travel, particularly on international routes, and cause declines

S-34

---

**Table of Contents**

in revenues and increases in costs. The attacks of September 11, 2001 and continuing terrorist threats and attempted attacks materially impacted and continue to impact air travel. Increased security procedures introduced at airports since the attacks and other such measures as may be introduced in the future generate higher operating costs for airlines. The Aviation and Transportation Security Act mandated improved flight deck security, deployment of federal air marshals on board flights, improved airport perimeter access security, airline crew security training, enhanced security screening of passengers, baggage, cargo, mail, employees and vendors, enhanced training and qualifications of security screening personnel, additional provision of passenger data to U.S. Customs and enhanced background checks. A concurrent increase in airport security charges and procedures, such as restrictions on carry-on baggage, has also had and may continue to have a disproportionate impact on short-haul travel, which constitutes a significant portion of our flying and revenue.

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

We operate a global business with operations outside of the U.S. from which American derived approximately 40% of its operating revenues in 2013, as measured and reported to the DOT. Our current international activities and prospects have been and in the future could be adversely affected by reversals or delays in the opening of foreign markets, exchange controls or other restrictions on repatriation of funds, currency and political risks (including changes in exchange rates and currency devaluations, which are more likely in countries with exchange controls such as Venezuela and Argentina), environmental regulation, increases in taxes and fees and changes in international government regulation of our operations, including the inability to obtain or retain needed route authorities and/or slots.

In particular, fluctuations in foreign currencies, including devaluations, and exchange controls and other restrictions on the repatriation of funds, have significantly affected and may continue to significantly affect our operating performance, liquidity and the value of any cash held outside the U.S. in local currency. For example, the business environment in Venezuela has been challenging, with economic uncertainty fueled by currency devaluation, high inflation and governmental restrictions, including currency exchange and payment controls, price controls and the possibility of expropriation of property or other resources. As of June 30, 2014, approximately \$791 million of our unrestricted cash balance was held in Venezuelan bolivars, valued at the weighted average applicable exchange rate of 6.53 bolivars to the dollar. This includes approximately \$94 million valued at 4.3 bolivars, approximately \$611 million valued at 6.3 bolivars, and approximately \$86 million valued at 10.6 bolivars, with the rate depending on the date we submitted our repatriation request to the Venezuelan government. In the first quarter of 2014, the Venezuelan government announced that a newly-implemented system (SICAD I) will determine the exchange rate (which fluctuates as determined by weekly auctions and at June 30, 2014 was 10.6 bolivars to the dollar) for repatriation of cash proceeds from ticket sales after January 1, 2014, and introduced new procedures for approval of repatriation of local currency. We are continuing to work with Venezuelan authorities regarding the timing and exchange rate applicable to the repatriation of funds held in local currency. However, pending further repatriation of funds, and due to the significant decrease in demand for air travel resulting from the effective devaluation of the bolivar, we recently significantly reduced capacity in this market. We are monitoring this situation closely and continue to evaluate our holdings of Venezuelan bolivars for potential impairment. Further, the current, devalued rates may have an ongoing adverse effect on our reported results if we are unable to fully adjust prices on flights to and from Venezuela, of which there can be no assurance. More generally, fluctuations in foreign currencies, including devaluations, cannot be predicted by us and can significantly affect the value of our assets located outside the United States. These conditions, as well as any further delays, devaluations or imposition of more stringent repatriation restrictions, may materially adversely affect our business, results of operations and financial condition.

S-35

---

**Table of Contents**

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

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

The U.S. Environmental Protection Agency ( *EPA* ) has proposed changes to underground storage tank regulations that could affect certain airport fuel hydrant systems. Airport systems that fall within threshold requirements would need to be modified in order to comply with applicable regulations. Additionally, the EPA has proposed the draft 2013 National Pollutant Discharge Elimination System General Permit for Stormwater Discharges from Industrial Activities. This permit would impose new limitations on certain discharges along with mandatory best management practices. Concurrently, California has proposed the State Final Draft Industrial General Permit for stormwater discharges. This permit employs the use of benchmark values to trigger response actions when exceeding those limits and eliminates group monitoring. These permits have not been finalized, and cost estimates have not been defined, but American and US Airways along with other airlines would share a portion of these costs at applicable airports. In addition to the proposed EPA and state regulations, several U.S. airport authorities are actively engaged in efforts to limit discharges of de-icing fluid to the environment, often by requiring airlines to participate in the building or reconfiguring of airport de-icing facilities. Such efforts are likely to impose additional costs and restrictions on airlines using those airports. We do not believe, however, that such environmental developments will have a material impact on our capital expenditures or otherwise materially adversely affect our operations, operating costs or competitive position.

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

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

There is increasing global regulatory focus on climate change and greenhouse gas emissions. For example, the EU has established the Emissions Trading Scheme ( *ETS* ) to regulate carbon dioxide emissions in the EU. The EU adopted a directive under which each EU member state is required to extend the ETS to aviation operations. This directive would have required us, beginning in 2012, to annually submit emission allowances in order to operate flights to and from airports in the European Economic Area ( *EEA* ), including flights between the U.S. and EU member states. However, in an effort to allow the International Civil Aviation Organization ( *ICAO* ) time to propose an



---

**Table of Contents**

alternate scheme to manage global aviation emissions, in April 2013 the EU suspended for one year the ETS application to flights entering and departing the EEA, limiting its application, for flights flown in 2012, to intra-EEA flights only. In October 2013, the ICAO Assembly adopted a resolution calling for the development through ICAO of a global, market-based scheme for aviation emissions, to be implemented in 2020. Subsequently, the EU has amended the EU ETS so that the monitoring, reporting and submission of allowances for emissions from flights flown will continue to be limited to only intra-EEA flights through 2016, at which time the EU will evaluate the progress made by ICAO and determine what, if any, measures to take related to aviation emissions from 2017 onwards. The U.S. enacted legislation in November 2012 which encourages the DOT to seek an international solution through ICAO and that will allow the U.S. Secretary of Transportation to prohibit U.S. airlines from participating in the ETS. Ultimately, the scope and application of ETS or other emissions trading schemes to our operations, now or in the near future, remains uncertain. We do not anticipate any significant emissions allowance expenditures in 2014. Beyond 2014, compliance with the ETS or similar emissions-related requirements could significantly increase our operating costs. Further, the potential impact of ETS or other emissions-related requirements on our costs will ultimately depend on a number of factors, including baseline emissions, the price of emission allowances and the number of future flights subject to ETS or other emissions-related requirements. These costs have not been completely defined and could fluctuate.

Similarly, within the U.S., there is an increasing trend toward regulating greenhouse gas emissions directly under the Clean Air Act. While the EPA's recent regulatory activity in this area has focused on industries other than aviation, it is possible that future EPA regulations, or new legislation, could impact airlines. Several states are also considering initiatives to regulate emissions of greenhouse gases, primarily through the planned development of greenhouse gas emissions inventories and/or regional greenhouse gas cap and trade programs. These regulatory efforts, both internationally and in the U.S. at the federal and state levels, are still developing, and we cannot yet determine what the final regulatory programs will be in the U.S., the EU or in other areas in which we do business. However, such climate change-related regulatory activity in the future may adversely affect our business and financial results by requiring us to reduce our emissions, purchase allowances or otherwise pay for our emissions. Such activity may also impact us indirectly by increasing our operating costs, including fuel costs.

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

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

We are highly dependent on technology and automated systems to operate our business and achieve low operating costs. These technologies and systems include our computerized airline reservation systems, flight operations systems, financial planning, management and accounting systems, telecommunications systems, website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information, as well as issue electronic tickets and process critical financial information in a timely manner. Substantially all of our tickets are issued to passengers as electronic tickets. We depend on our reservation system, which is hosted and maintained under a long-term contract by a third-party service provider, to be able to issue, track and accept these electronic tickets. If our automated systems are





---

**Table of Contents**

not functioning or if our third-party service providers were to fail to adequately provide technical support, system maintenance or timely software upgrades for any one of our key existing systems, we could experience service disruptions or delays, which could harm our business and result in the loss of important data, increase our expenses and decrease our revenues. In the event that one or more of our primary technology or systems vendors goes into bankruptcy, ceases operations or fails to perform as promised, replacement services may not be readily available on a timely basis, at competitive rates or at all, and any transition time to a new system may be significant. Our automated systems cannot be completely protected against other events that are beyond our control, including natural disasters, power failures, terrorist attacks, cyber-attacks, data theft, equipment and software failures, computer viruses or telecommunications failures. Substantial or sustained system failures could cause service delays or failures and result in our customers purchasing tickets from other airlines. We cannot assure you that our security measures, change control procedures or disaster recovery plans are adequate to prevent disruptions or delays. Disruption in or changes to these systems could result in a disruption to our business and the loss of important data. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

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

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

As with any large project, there will be many factors that may materially affect the schedule, cost and execution of the integration of our computer, communications and other technology systems. These factors include, among others: problems during the design, implementation and testing phases; systems delays and/or malfunctions; the risk that suppliers and contractors will not perform as required under their contracts; the diversion of management attention from daily operations to the project; reworks due to unanticipated changes in business processes; challenges in simultaneously activating new systems throughout our global network; difficulty in training employees in the operations of new systems; the risk of security breach or disruption; and other unexpected events beyond our control. We cannot assure you that our security measures, change control procedures or disaster recovery plans will be adequate to prevent disruptions or delays. Disruptions in or changes to these systems could result in a disruption to our business and the loss of important data. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

***Ongoing data security compliance requirements could increase our costs, and any significant data breach could harm our business, results of operations and financial condition.***

Our business requires the appropriate and secure utilization of customer and other sensitive information. We cannot be certain that advances in criminal capabilities (including cyber-attacks or cyber intrusions over the Internet, malware, computer viruses and the like), discovery of new vulnerabilities or attempts to exploit existing vulnerabilities in our systems, other data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or

S-38

---

**Table of Contents**

breach the technology protecting the networks that access and store sensitive information. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Furthermore, there has been heightened legislative and regulatory focus on data security in the U.S. and abroad (particularly in the EU), including requirements for varying levels of customer notification in the event of a data breach.

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

Failure to comply with the Payment Card Industry Standards or other privacy and data use and security requirements of our partners or related laws, rules and regulations to which we are subject may expose us to claims for contract breach, fines, sanctions or other penalties, which could materially and adversely affect our business, results of operations and financial condition. In addition, failure to address these issues appropriately could also give rise to additional legal risks, which, in turn, could increase the size and number of litigation claims and damages asserted or subject us to enforcement actions, fines and penalties and cause us to incur further related costs and expenses.

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

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

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

The success of our business depends on, among other things, the ability to operate an optimum number and type of aircraft. In many cases, the aircraft we intend to operate are not yet in our fleet, but we have contractual commitments to purchase or lease them. If for any reason we were unable to accept or secure deliveries of new aircraft on contractually scheduled delivery dates, this could have a negative impact on our business, results of operations and financial condition. Our failure to integrate newly purchased aircraft into our fleet as planned might require us to seek extensions of the terms for some leased aircraft or otherwise delay the exit of certain aircraft from our fleet. Such unanticipated extensions or delays may require us to operate existing aircraft beyond the point at which it is economically optimal to retire them, resulting in increased maintenance costs. If new aircraft orders are



## Table of Contents

not filled on a timely basis, we could face higher operating costs than planned. In addition, if the aircraft we receive do not meet expected performance or quality standards, including with respect to fuel efficiency and reliability, our business, results of operations and financial condition could be adversely impacted.

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

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

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

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

actual or potential changes in international, national, regional, and local economic, business and financial conditions, including recession, inflation, higher interest rates, wars, terrorist attacks, or political instability;

changes in consumer preferences, perceptions, spending patterns, or demographic trends;

changes in the competitive environment due to industry consolidation, changes in airline alliance affiliations, and other factors;

actual or potential disruptions to the ATC systems, including as a result of sequestration or any other interruption in government funding;

increases in costs of safety, security, and environmental measures;

outbreaks of diseases that affect travel behavior; and

weather and natural disasters.

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

the year.

***A higher than normal number of pilot retirements and a potential shortage of pilots could adversely affect us.***

We currently have a higher than normal number of pilots eligible for retirement. Among other things, the extension of pilot careers facilitated by the FAA's 2007 modification of the mandatory retirement age from age 60 to age 65 has now been fully implemented, resulting in large numbers of pilots in the industry approaching the revised mandatory retirement age. If pilot retirements were to exceed normal levels in the future, it may adversely affect us. The FAA also recently issued regulations that increase the flight experience required for pilots working for airlines certificated under Part 121 of the Federal Aviation Regulations. These and other factors could contribute to a shortage of qualified pilots, which could adversely affect us.

S-40

---

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

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

***Several lawsuits were filed in connection with the Merger and remain pending, and these lawsuits could have a material adverse impact on our business.***

US Airways Group, as well as the members of US Airways Group's board of directors, were named as defendants in a lawsuit brought by a purported class of US Airways Group's stockholders challenging the Merger and seeking a declaration that the Merger Agreement is unenforceable, an injunction against the Merger (or rescission in the event it has been consummated), imposition of a constructive trust, an award of fees and costs, including attorneys' and experts' fees, and other relief. US Airways Group, US Airways, AAG and American were also named as defendants in a private antitrust lawsuit. The complaint alleges that the effect of the Merger may be to substantially lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Antitrust Act. The relief sought in the complaint includes an injunction against the Merger, or divestiture. In January 2014, the complaint was amended to add a claim for money damages and to request injunctive relief requiring the carriers to hold separate their assets. In March 2014, the Court allowed plaintiffs to add certain allegations but denied plaintiffs' requests to add a damages claim or seek preliminary injunctive relief requiring the carriers to hold separate their assets, and in June 2014 plaintiffs filed an amended motion for leave to file a second amended and supplemental complaint. Such private lawsuits could result in an obligation to pay damages or terms, conditions, requirements, limitations, costs or restrictions that would impose additional material costs on or materially limit our revenues, or materially limit some of the synergies and other benefits we anticipate following the Merger. See Part II, Item 1 Legal Proceedings of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.

***Our ability to utilize our NOL Carryforwards may be limited.***

Under the Code, a corporation is generally allowed a deduction for NOL Carryforwards. As of December 31, 2013, we had available NOL Carryforwards of approximately \$9.5 billion for regular federal income tax purposes which will expire, if unused, beginning in 2022, and approximately \$3.8 billion for state income tax purposes which will expire, if unused, between 2014 and 2033. The amount of NOL Carryforwards for state income tax purposes that will expire, if unused, in the remainder of 2014 is \$96 million. Our NOL Carryforwards are subject to adjustment on audit by the Internal Revenue Service and the respective state taxing authorities.

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

S-41



---

**Table of Contents**

our emergence from bankruptcy. The general limitation rules for a debtor in a bankruptcy case are liberalized where the ownership change occurs upon emergence from bankruptcy. While we anticipate taking advantage of certain special rules for federal income tax purposes that would permit approximately \$9.5 billion of our federal NOL Carryforwards to be utilized without regard to the annual limitation generally imposed by Section 382, there can be no assurance that these special rules will apply to the ownership change we experienced upon our emergence from bankruptcy, including that we may ultimately elect not to apply them. If the special rules do not apply, our ability to utilize such federal NOL Carryforwards may be subject to limitation. Similar limitations may apply for state income tax purposes.

Notwithstanding the foregoing, an ownership change subsequent to our emergence from bankruptcy may severely limit or effectively eliminate our ability to utilize our NOL Carryforwards and other tax attributes. To reduce the risk of a potential adverse effect on our ability to utilize our NOL Carryforwards, our Certificate of Incorporation contains transfer restrictions applicable to certain substantial shareholders. Although the purpose of these transfer restrictions is to prevent an ownership change from occurring, no assurance can be given that such an ownership change will not occur, in which case our ability to utilize our NOL Carryforwards and other tax attributes could be severely limited or effectively eliminated.

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

***American may never realize the full value of its intangible assets or long-lived assets, causing them to record material impairment charges.***

In accordance with applicable accounting standards, American will be required to test its indefinite-lived intangible assets for impairment on an annual basis, or more frequently if conditions indicate that an impairment may have occurred. In addition, American is required to test certain of its other assets for impairment if conditions indicate that an impairment may have occurred.

Future impairment of goodwill or other assets could be recorded in results of operations as a result of changes in assumptions, estimates, or circumstances, some of which are beyond our control. Factors which could result in an impairment could include, but are not limited to: (i) reduced passenger demand as a result of domestic or global economic conditions; (ii) higher prices for jet fuel; (iii) lower fares or passenger yields as a result of increased competition or lower demand; (iv) a significant increase in future capital expenditure commitments; and (v) significant disruptions to our operations as a result of both internal and external events such as terrorist activities, actual or threatened war, labor actions by employees, or further industry regulation. There can be no assurance that a material impairment charge of goodwill or tangible or intangible assets will be avoided. The value of our aircraft could be impacted in future periods by changes in supply and demand for these aircraft. Such changes in supply and demand for certain aircraft types could result from grounding of aircraft by us or other airlines. An impairment charge could have a material adverse effect on our business, results of operations and financial condition.

***In connection with the integration of American and US Airways, American may take actions not to American's advantage as a standalone airline.***

The integration of the business and operations of American and US Airways has begun while they are separate, wholly-owned subsidiaries of AAG. As part of this integration, American may take actions intended to benefit the overall business and operations of the combined airline operations of American and US Airways that may not be to American's advantage as a stand-alone airline.

S-42

---

**Table of Contents****Risks Relating to the Certificates and the Offering*****Appraisals should not be relied upon as a measure of realizable value of the Aircraft.***

Three independent appraisal and consulting firms have prepared appraisals of the Aircraft. The appraisal letters provided by these firms are annexed to this prospectus supplement as Appendix II. The AISI appraisal is dated August 28, 2014 and the BK appraisal and MBA appraisal are each dated August 27, 2014. The appraised values provided by each of AISI, BK and MBA are presented as of or around the respective dates of their appraisals. The appraisals do not purport to, and do not, reflect the current market value of the Aircraft. Such appraisals of the Aircraft are subject to a number of significant assumptions and methodologies (which differ among the appraisers) and were prepared without a physical inspection of the Aircraft. The appraisals take into account base value, which is the theoretical value for an aircraft assuming a balanced market, while current market value is the value for an aircraft in the actual market. In particular, the appraisals of each of the Aircraft indicate appraised base value of such Aircraft, adjusted for the maintenance status of such Aircraft at or around the time of such appraisals. A different maintenance status may result in different valuations. Appraisals that are more current or that are based on other assumptions and methodologies (or a physical inspection of the Aircraft) may result in valuations that are materially different from those contained in such appraisals of the Aircraft. See Description of the Aircraft and the Appraisals The Appraisals.

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

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

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

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

***Inadequate levels of insurance may result in insufficient proceeds to repay holders of related Equipment Notes.***

To the extent described in the Indentures, we must maintain all-risk aircraft hull insurance on the Aircraft. If we fail to maintain adequate levels of insurance, the proceeds which could be obtained upon an Event of Loss of an Aircraft may be insufficient to repay the holders of the related Equipment Notes. See Description of the Equipment Notes Certain Provisions of the Indentures Insurance.



---

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

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

In addition, some foreign jurisdictions may allow for other liens or other third party rights to have priority over a Loan Trustee's security interest in an Aircraft to a greater extent than is permitted under United States law. As a result, the benefits of a Loan Trustee's security interest in an Aircraft may be less than they would be if the Aircraft were located or registered in the United States.

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

***The Liquidity Providers, the Subordination Agent and the Trustees will receive certain payments before the Certificateholders do. In addition, the Class B Certificates rank generally junior to the Class A Certificates.***

Under the Intercreditor Agreement, each Liquidity Provider will receive payment of all amounts owed to it, including reimbursement of drawings made to pay interest on the applicable class of Certificates, before the holders of any class of Certificates receive any funds. In addition, the Subordination Agent and the Trustees will receive certain payments before the holders of any class of Certificates receive distributions. See Description of the Intercreditor Agreement Priority of Distributions.

In addition, the Class B Certificates rank generally junior to the Class A Certificates. Moreover, as a result of the subordination provisions in the Intercreditor Agreement, in a case involving the liquidation of substantially all of the assets of American, the Class B Certificateholders may receive a smaller distribution in respect of their claims than holders of unsecured claims against American of the same amount.

Payments of principal on the Certificates are subordinated to payments of interest on the Certificates, subject to certain limitations and certain other payments, including those described above. Consequently, a payment default under any Equipment Note or a Triggering Event may cause the distribution of interest on the Certificates or such other payments to be made under the Intercreditor Agreement from payments received with respect to principal on Equipment Notes issued under one or more related Indentures. If this occurs, the interest accruing on the remaining Equipment Notes may be less than the amount of interest expected to be distributed from time to time on the remaining Certificates. This is because the interest on the Certificates may be based on a Pool Balance that exceeds the outstanding principal balance of the remaining Equipment Notes. As a result of this



**Table of Contents**

possible interest shortfall, the holders of the Certificates may not receive the full amount expected after a payment default under any Equipment Note or a Triggering Event even if all Equipment Notes are eventually paid in full. For a more detailed discussion of the subordination provisions of the Intercreditor Agreement, see Description of the Intercreditor Agreement Priority of Distributions.

In addition, if American is in bankruptcy or other specified defaults have occurred, the subordination provisions applicable to the Certificates permit certain distributions to be made on Class B Certificates prior to making distributions in full on the Class A Certificates, and if Additional Certificates are issued, on Additional Certificates prior to making distributions in full on the Class A Certificates and Class B Certificates. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

***Certain Certificateholders may not participate in controlling the exercise of remedies in a default scenario.***

If an Indenture Event of Default is continuing under an Indenture, subject to certain conditions, the Loan Trustee under such Indenture will be directed by the Controlling Party in exercising remedies under such Indenture, including accelerating the applicable Equipment Notes or foreclosing the lien on the Aircraft with respect to which such Equipment Notes were issued. See Description of the Certificates Indenture Events of Default and Certain Rights Upon an Indenture Event of Default.

The Controlling Party will be:

if Final Distributions have not been paid in full to holders of the Class A Certificates, the Class A Trustee;

if Final Distributions have been paid in full to the holders of Class A Certificates, but not to the holders of the Class B Certificates, the Class B Trustee; and

under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the greatest amount owed to it.

As a result of the foregoing, if the Trustee for a class of Certificates is not the Controlling Party with respect to an Indenture, the Certificateholders of that class will have no rights to participate in directing the exercise of remedies under such Indenture.

***The proceeds from the disposition of any Aircraft or Equipment Notes may not be sufficient to pay all amounts distributable to the Certificateholders, and the exercise of remedies over Equipment Notes may result in shortfalls without further recourse.***

During the continuation of any Indenture Event of Default under an Indenture, the Equipment Notes issued under such Indenture or the related Aircraft may be sold in the exercise of remedies with respect to that Indenture, subject to certain limitations. See Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies. The market for Aircraft or Equipment Notes during the continuation of any Indenture Event of Default may be very limited, and there can be no assurance as to whether they could be sold or the price at which they could be sold. Some Certificateholders will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against us (except in circumstances described in the second bullet point below), any Loan Trustee, any Liquidity Provider or any Trustee if the Controlling Party takes the following actions:

it sells any Equipment Notes for less than their outstanding principal amount; or

it sells any Aircraft for less than the outstanding principal amount of the related Equipment Notes.

S-45



---

**Table of Contents**

The Equipment Notes will be cross-collateralized to the extent described under Description of the Equipment Notes Security and Description of the Equipment Notes Subordination and the Indentures will be cross-defaulted. Any default arising under an Indenture solely by reason of the cross-default in such Indenture may not be of a type required to be cured under Section 1110. In such circumstances, if the Equipment Notes issued under one or more Indentures are in default and the only default under the remaining Indentures is the cross-default, no remedies may be exercisable under such remaining Indentures. Any cash collateral held as a result of the cross-collateralization of the Equipment Notes also would not be entitled to the benefits of Section 1110.

***Any credit ratings assigned to the Certificates are not a recommendation to buy and may be lowered or withdrawn in the future.***

Any credit rating assigned to the Certificates is not a recommendation to purchase, hold or sell the Certificates, because such rating does not address market price or suitability for a particular investor. A rating may change during any given period of time and may be lowered or withdrawn entirely by a rating agency if in its judgment circumstances in the future (including the downgrading of American, the Depositary or a Liquidity Provider) so warrant. Moreover, any change in a rating agency's assessment of the risks of aircraft-backed debt (and similar securities such as the Certificates) could adversely affect the credit rating issued by such rating agency with respect to the Certificates.

Any credit ratings assigned to the Certificates would be expected to be based primarily on the default risk of the Equipment Notes and the Depositary, the availability of the Liquidity Facilities for the benefit of the holders of the Class A Certificates and Class B Certificates, the collateral value provided by the Aircraft relating to the Equipment Notes, the cross-collateralization provisions applicable to the Indentures and the subordination provisions applicable to the Certificates under the Intercreditor Agreement. Such credit ratings would be expected to address the likelihood of timely payment of interest (at the applicable Stated Interest Rate and without any premium) when due on the Certificates and the ultimate payment of principal distributable under the Certificates by the applicable Final Legal Distribution Date. Such credit ratings would not be expected to address the possibility of certain defaults, optional redemptions or other circumstances (such as an Event of Loss to an Aircraft), which could result in the payment of the outstanding principal amount of the Certificates prior to the final expected Regular Distribution Date.

The reduction, suspension or withdrawal of any credit ratings assigned to the Certificates would not, by itself, constitute an Indenture Event of Default.

***The Certificates will not provide any protection against highly leveraged or extraordinary transactions, including acquisitions and other business combinations.***

The Certificates, the Equipment Notes and the underlying agreements do not and will not contain any financial or other covenants or event risk provisions protecting the Certificateholders in the event of a highly leveraged or other extraordinary transaction, including an acquisition or other business combination, affecting us or our affiliates. We regularly assess and explore opportunities presented by various types of transactions, and we may conduct our business in a manner that could cause the market price or liquidity of the Certificates to decline, could have a material adverse effect on our financial condition or the credit rating of the Certificates or otherwise could restrict or impair our ability to pay amounts due under the Equipment Notes and/or the related agreements, including by entering into a highly leveraged or other extraordinary transaction.

***The Equipment Notes will not be obligations of AAG, US Airways Group or US Airways, Inc.***

The Equipment Notes are and will be the obligations of American and are not and will not be guaranteed by AAG. None of US Airways Group, US Airways, Inc. ( *US Airways* ) or any of their

S-46

---

**Table of Contents**

respective subsidiaries is or will be an obligor with respect to, or a guarantor of, the Equipment Notes. You should not expect US Airways Group, US Airways or any of their respective subsidiaries to participate in making payments in respect of the Equipment Notes. Although American expects that, at some point, American and US Airways will be combined as a single legal entity, no assurance can be given that this will occur prior to the final maturity of the Equipment Notes.

***Once American and US Airways are combined as a single entity, that entity will be bound by all of the obligations and liabilities of both companies.***

American expects that American and US Airways will be combined as a single legal entity at some subsequent date. As a result of such transaction, the combined legal entity will become bound by all of the obligations and liabilities of both American and US Airways. The incurrence by the combined entity of such obligations and liabilities of American and US Airways will not be restricted by the agreements relating to the Certificates and the Equipment Notes. American cannot predict the financial condition of the combined entity at the time of such combination or the ability of the combined entity to satisfy such combined obligations and liabilities. Further, following such transaction, the combined company will have increased direct and indirect consolidated liabilities and exposure to the pre-Merger liabilities of AMR and US Airways Group.

***There are no restrictive covenants in the transaction documents relating to our ability to incur future indebtedness.***

The Certificates, the Equipment Notes and the underlying agreements will not (i) require us to maintain any financial ratios or specified levels of net worth, revenues, income, cash flow or liquidity and therefore do not protect Certificateholders in the event that we experience significant adverse changes in our financial condition or results of operations, (ii) limit our ability to incur additional indebtedness, pay dividends or take other actions that may affect our financial condition or (iii) restrict our ability to pledge our assets. In light of the absence of such restrictions, we may conduct our business in a manner that could cause the market price or liquidity of the Certificates to decline, could have a material adverse effect on our financial condition or the credit rating of the Certificates or otherwise could restrict or impair our ability to pay amounts due under the Equipment Notes and/or the related agreements.

***Escrowed funds will be withdrawn and returned to holders of Certificates if they are not used to purchase Equipment Notes.***

Under certain circumstances, less than all of the Deposits held in escrow may be used to purchase Equipment Notes to be issued with respect to the Aircraft by the Delivery Period Termination Date. This could occur because of delays in the termination of one or more owner trusts holding a related Owner Trust Aircraft and transfer of title to such Owner Trust Aircraft to American, or because of other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be withdrawn by the Escrow Agent and distributed by the Paying Agent, with accrued and unpaid interest on such remaining funds, but without any premium, to the Certificateholders of such Trust on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution or, under certain circumstances, such remaining funds will be automatically returned by the Depository to the Paying Agent on the Outside Termination Date, and the Paying Agent will distribute such funds to such Certificateholders as promptly as practicable thereafter. In addition, if a Triggering Event occurs prior to the Delivery Period Termination Date, any Deposits held in escrow will also be withdrawn and distributed to the Certificateholders. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits. If any of certain



---

**Table of Contents**

events of loss occurs with respect to an Aircraft before such Aircraft is financed pursuant to this offering, any Deposits relating to such Aircraft held in escrow with respect to each Trust will be similarly withdrawn and distributed to the Certificateholders of such Trust. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits.

***The holders of the Certificates are exposed to the credit risk of the Depository.***

The holders of the Certificates may suffer losses or delays in repayment in the event that the Depository fails to pay when due the Deposits or accrued interest thereon for any reason, including by reason of the insolvency of the Depository. American is not required to indemnify against any failure on the part of the Depository to repay the Deposits or accrued interest thereon in full on a timely basis. Amounts deposited with the Depository under the Escrow Agreements and the Deposit Agreements are not property of American and are not entitled to the benefits of Section 1110.

***Because there is no current market for the Certificates, you may have a limited ability to resell Certificates.***

The Certificates are a new issue of securities. Prior to this offering of the Certificates, there has been no trading market for the Certificates. Neither American nor any Trust intends to apply for listing of the Certificates on any securities exchange. The Underwriters may assist in resales of the Certificates, but they are not required to do so, and any market-making activity may be discontinued at any time without notice at the sole discretion of each Underwriter. A secondary market for the Certificates therefore may not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow you to resell any of your Certificates. If an active trading market does not develop, the market price and liquidity of the Certificates may be adversely affected. Neither the Certificates nor the Escrow Receipts may be separately assigned or transferred.

The liquidity of, and trading market for, the Certificates also may be adversely affected by general declines in the markets or by declines in the market for similar securities. Such declines may adversely affect such liquidity and trading markets independent of American's financial performance and prospects. See also The market for Certificates could be negatively affected by legislative and regulatory changes.

***The market for Certificates could be negatively affected by legislative and regulatory changes.***

The Certificates are sold to investors under an exemption to the Investment Company Act of 1940, as amended (the *Investment Company Act* ), that permits the Trusts to issue the Certificates to investors without registering as an investment company; *provided* that the Certificates have an investment grade credit rating at the time of original sale. Recent events in the debt markets, including defaults on asset-backed securities that had an investment grade credit rating at the time of issuance, have prompted a number of broad based legislative and regulatory reviews, including a review of the regulations that permit the issuance of certain asset-backed securities based upon the credit ratings of such securities. In particular, the SEC is required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the *Dodd Frank Act* ) to adopt rule changes generally to remove any reference to credit ratings in its regulations. The SEC has previously requested comments on alternatives to the investment grade credit rating exemption under the Investment Company Act relied upon by the Trusts to sell the Certificates to investors generally, and on other conditions to using the rule. Adoption by the SEC of any such alternatives or additional conditions is likely to eliminate or significantly modify this exemption. Unless a different exemption becomes available, there is no other exemption currently that would allow the Trusts to sell the Certificates to investors generally. If the SEC adopts rule changes that eliminate the investment grade credit rating exemption, or if other legislative or regulatory changes are enacted that affect the ability of the Trusts to issue the Certificates to

S-48

**Table of Contents**

investors generally or affect the ability of such investors to continue to hold or purchase the Certificates, or to re-sell their Certificates to other investors generally, the secondary market for the Certificates could be negatively affected and, as a result, the market price of the Certificates could decrease.

***Payments under the Certificates to certain foreign entities that fail to meet specified requirements may be subject to withholding tax under FATCA.***

The Foreign Account Tax Compliance Act ( *FATCA* ), enacted on March 18, 2010, generally imposes a 30% withholding tax on payments of U.S.-source interest and gross proceeds from the disposition of property that could produce U.S.-source interest to certain foreign entities that fail to meet specified requirements. Such withholding tax may apply without regard to whether such foreign entity receives such payments on its own behalf or on behalf of another party. We or another paying agent may apply FATCA withholding taxes to payments made under, and gross proceeds from dispositions of, the Deposits or the Equipment Notes (or any other assets held by the Trusts). Certificateholders will not be indemnified directly or indirectly for the amount of any withholding taxes imposed under FATCA. See Material U.S. Federal Income Tax Consequences.

**Table of Contents**

**USE OF PROCEEDS**

The proceeds from the sale of the Certificates of each Trust will initially be held in escrow and deposited with the Depository, pending the financing of each Aircraft under the related Indenture. Each Trust will withdraw funds from the escrow relating to such Trust to acquire from American the related series of Equipment Notes to be issued as the Aircraft are subjected to the related Indentures. The Equipment Notes will be full recourse obligations of American.

American will use the proceeds from the issuance of the Equipment Notes issued with respect to each Aircraft for general corporate purposes and to pay fees and expenses relating to this offering.

S-50



**Table of Contents****DESCRIPTION OF THE CERTIFICATES**

The following summary of particular material terms of the Certificates supplements (and, to the extent inconsistent therewith, replaces) the description of the general terms and provisions of pass through certificates set forth in the prospectus accompanying this prospectus supplement. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Basic Agreement, which was filed with the SEC as an exhibit to American's Registration Statement on Form S-3, File No. 333-194685, and to all of the provisions of the Certificates, the Trust Supplements, the Liquidity Facilities, the Deposit Agreements, the Escrow Agreements, the Note Purchase Agreement and the Intercreditor Agreement, copies of which will be filed as exhibits to a Current Report on Form 8-K to be filed by American with the SEC.

Except as otherwise indicated, the following summary relates to each of the Trusts and the Certificates issued by each Trust. The terms and conditions governing each of the Trusts will be generally analogous, except as otherwise indicated herein (including as described under Subordination below and elsewhere in this prospectus supplement), and except that the principal amount and scheduled principal repayments of the Equipment Notes held by each Trust and the interest rate and maturity date of the Equipment Notes held by each Trust will differ.

**General**

Each Certificate will represent a fractional undivided interest in one of two American Airlines 2014-1 Pass Through Trusts: the *Class A Trust*, and the *Class B Trust*, and, collectively, the *Trusts*. The Trusts will be formed pursuant to a pass through trust agreement between American and Wilmington Trust Company, as trustee, to be dated as of the Issuance Date (the *Basic Agreement*), and two separate supplements thereto (each, a *Trust Supplement* and, together with the Basic Agreement, collectively, the *Pass Through Trust Agreements*). The trustee under the Class A Trust and the Class B Trust is referred to herein, respectively, as the *Class A Trustee* and the *Class B Trustee*, and collectively as the *Trustees*. The Certificates to be issued by the Class A Trust and the Class B Trust are referred to herein, respectively, as the *Class A Certificates* and the *Class B Certificates*. The Class A Trust will purchase all of the Series A Equipment Notes and the Class B Trust will purchase all of the Series B Equipment Notes. The holders of the Class A Certificates and the Class B Certificates are referred to herein, respectively, as the *Class A Certificateholders* and the *Class B Certificateholders*, and collectively as the *Certificateholders*. Assuming all of the Equipment Notes expected to be issued with respect to the Aircraft are issued, the sum of the initial principal balance of the Equipment Notes held by each Trust will equal the initial aggregate face amount of the Certificates issued by such Trust.

Each Certificate will represent a fractional undivided interest in the Trust created by the applicable Pass Through Trust Agreement. The property of each Trust (the *Trust Property*) will consist of:

subject to the Intercreditor Agreement, the Equipment Notes acquired by such Trust on or prior to the Delivery Period Termination Date, all monies at any time paid thereon and all monies due and to become due thereunder;

the rights of such Trust to acquire the related series of Equipment Notes under the Note Purchase Agreement;

the rights of such Trust under the applicable Escrow Agreement to request the Escrow Agent to withdraw from the Depositary funds sufficient to enable such Trust to purchase the related series of Equipment Notes upon the financing of an Aircraft under the related Indenture on or prior to the Delivery Period Termination Date;

S-51

## **Table of Contents**

the rights of such Trust under the Intercreditor Agreement (including all rights to receive monies receivable in respect of such rights);

all monies receivable under the separate Liquidity Facility for such Trust; and

funds from time to time deposited with the applicable Trustee in accounts relating to such Trust. (Trust Supplements, Section 1.01)

The Certificates represent fractional undivided interests in the respective Trusts only, and all payments and distributions thereon will be made only from the Trust Property of the related Trust. (Basic Agreement, Sections 2.01 and 3.09; Trust Supplements, Section 3.01) The Certificates do not represent indebtedness of the Trusts, and references in this prospectus supplement to interest accruing on the Certificates are included for purposes of computation only. (Basic Agreement, Section 3.09; Trust Supplements, Section 3.01) The Certificates do not represent an interest in or obligation of American, the Trustees, the Subordination Agent, any of the Loan Trustees or any affiliate of any thereof. Each Certificateholder by its acceptance of a Certificate agrees to look solely to the income and proceeds from the Trust Property of the related Trust for payments and distributions on such Certificate. (Basic Agreement, Section 3.09)

Pursuant to the Escrow Agreement applicable to each Trust, the Certificateholders of such Trust, as holders of the Escrow Receipts affixed to each Certificate issued by such Trust, are entitled to certain rights with respect to the Deposits relating to such Trust. Accordingly, any transfer of a Certificate will have the effect of transferring the corresponding rights with respect to the Deposits, and rights with respect to the Deposits may not be separately transferred by the Certificateholders. (Escrow Agreements, Section 1.03) In addition, the Certificates and the related Escrow Receipts may not be separately assigned or transferred. Rights with respect to the Deposits and the Escrow Agreement relating to a Trust, except for the right to direct withdrawals for the purchase of related Equipment Notes, will not constitute Trust Property. (Trust Supplements, Section 1.01) Payments to the Certificateholders in respect of the Deposits and the Escrow Receipts relating to a Trust will constitute payments to such Certificateholders solely in their capacity as holders of the related Escrow Receipts.

The Certificates of each Trust will be issued in fully registered form only and will be subject to the provisions described below under Book-Entry Registration; Delivery and Form. The Certificates will be issued only in minimum denominations of \$2,000 (or such other denomination that is the lowest integral multiple of \$1,000, that is, at the time of issuance, equal to at least 1,000 euros) and integral multiples of \$1,000 in excess thereof, except that one Certificate of each class may be issued in a different denomination. (Trust Supplements, Section 4.01(a))

## **Payments and Distributions**

The following description of distributions on the Certificates should be read in conjunction with the description of the Intercreditor Agreement because the Intercreditor Agreement may alter the following provisions in a default situation. See Subordination and Description of the Intercreditor Agreement.

Payments of interest on the Deposits with respect to each Trust and payments of principal, Make-Whole Amount (if any) and interest on the Equipment Notes or with respect to other Trust Property held in each Trust will be distributed by the Paying Agent (in the case of Deposits) or by the Trustee (in the case of Trust Property of such Trust) to Certificateholders of such Trust on the date receipt of such payment is confirmed, except in the case of certain types of Special Payments.

April 1 and October 1 of each year are referred to herein as *Regular Distribution Dates* (each Regular Distribution Date and Special Distribution Date, a *Distribution Date* ).

S-52

---

**Table of Contents*****Interest***

The Deposits held with respect to each Trust will accrue interest at the applicable rate per annum for each class of Certificates to be issued by such Trust, payable on each Regular Distribution Date commencing on April 1, 2015, except as described under Description of the Deposit Agreements Other Withdrawals and Return of Deposits. The Equipment Notes held in each Trust will accrue interest at the applicable rate per annum applicable to each class of Certificates to be issued by such Trust, payable on each Regular Distribution Date commencing on the first Regular Distribution Date after the respective Equipment Notes are issued, except as described under Description of the Equipment Notes Redemption.

The rate per annum applicable to each class of Certificates is set forth on the cover page of this prospectus supplement; *provided* that the interest rate applicable to any new Class B Certificates issued in connection with the issuance of any series B equipment notes issued as described in Possible Issuance of Additional Certificates and Refinancing of Certificates Refinancing of Certificates may differ. The interest rate applicable to each class of Certificates, as shown on the cover page of this prospectus supplement is referred to as the *Stated Interest Rate* for such Trust. Interest payments will be distributed to Certificateholders of such Trust on each Regular Distribution Date until the final Distribution Date for such Trust, subject to the Intercreditor Agreement. Interest on the Deposits and on the Equipment Notes will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

Distributions of interest on the Class A Certificates and Class B Certificates will be each supported by a separate Liquidity Facility to be provided by the applicable Liquidity Provider for the benefit of the holders of such Certificates, each of which is expected to provide an aggregate amount sufficient to distribute interest on the Pool Balance thereof at the Stated Interest Rate for such Certificates on up to three successive semiannual Regular Distribution Dates (without regard to any future distributions of principal on such Certificates), except that no Liquidity Facility will cover interest payable by the Depositary on the Deposits. The Liquidity Facility for any class of Certificates does not provide for drawings thereunder to pay for principal or Make-Whole Amount (if any) with respect to such Certificates, any interest with respect to such Certificates in excess of the Stated Interest Rate therefor, or, notwithstanding the subordination provisions of the Intercreditor Agreement, principal, interest, or Make-Whole Amount (if any) with respect to the Certificates of any other class. Therefore, only the holders of the Class A Certificates and Class B Certificates will be entitled to receive and retain the proceeds of drawings under the applicable Liquidity Facility. See Description of the Liquidity Facilities.

***Principal***

Payments of principal on the issued and outstanding Series A Equipment Notes and Series B Equipment Notes are scheduled to be made in specified amounts on April 1 and October 1 in each year, commencing on April 1, 2015, and ending on October 1, 2026 in the case of the Series A Equipment Notes and October 1, 2022 in the case of the Series B Equipment Notes.

***Distributions***

Payments of interest on the Deposits (other than as part of any withdrawals described in Description of the Deposit Agreements Other Withdrawals and Return of Deposits ) and payments of interest on or principal of the Equipment Notes (including drawings made under a Liquidity Facility in respect of a shortfall of interest payable on any Certificate) scheduled to be made on a Regular Distribution Date are referred to herein as *Scheduled Payments*. See Description of the Equipment Notes Principal and Interest Payments. The *Final Legal Distribution Date* for the Class A Certificates is April 1, 2028 and for the Class B Certificates is April 1, 2024.

S-53

---

**Table of Contents**

The Paying Agent with respect to each Escrow Agreement will distribute on each Regular Distribution Date to the Certificateholders of the Trust to which such Escrow Agreement relates all Scheduled Payments received in respect of the related Deposits, the receipt of which is confirmed by the Paying Agent on such Regular Distribution Date. Subject to the Intercreditor Agreement, on each Regular Distribution Date, the Trustee of each Trust will distribute to the Certificateholders of such Trust all Scheduled Payments received in respect of the Equipment Notes held on behalf of such Trust, the receipt of which is confirmed by such Trustee on such Regular Distribution Date. Each Certificateholder of each Trust will be entitled to receive its proportionate share, based upon its fractional interest in such Trust, of any distribution in respect of Scheduled Payments of interest on Deposits relating to such Trust, and, subject to the Intercreditor Agreement, each Certificateholder of each Trust will be entitled to receive its proportionate share, based upon its fractional interest in such Trust, of any distribution in respect of Scheduled Payments of principal of or interest on the Equipment Notes held on behalf of such Trust. Each such distribution of Scheduled Payments will be made by the applicable Paying Agent or the applicable Trustee, as the case may be, to the Certificateholders of record of the relevant Trust on the record date applicable to such Scheduled Payment (generally, 15 days prior to each Regular Distribution Date), subject to certain exceptions. (Basic Agreement, Sections 1.01 and 4.02(a); Escrow Agreements, Section 2.03(a)) If a Scheduled Payment is not received by the applicable Paying Agent or the applicable Trustee, as the case may be, on a Regular Distribution Date but is received within five days thereafter, it will be distributed on the date received to such holders of record. If it is received after such five-day period, it will be treated as a Special Payment and distributed as described below. (Intercreditor Agreement, Section 1.01; Escrow Agreements, Section 2.03(d))

Any payment in respect of, or any proceeds of, any Equipment Note or the collateral under any Indenture (the *Collateral* ) other than a Scheduled Payment (each, a *Special Payment* ) will be distributed on, in the case of an early redemption or a purchase of any Equipment Note, the date of such early redemption or purchase (which will be a Business Day), and otherwise on the Business Day specified for distribution of such Special Payment pursuant to a notice delivered by each Trustee (as described below) as soon as practicable after the Trustee has received notice of such Special Payment, or has received the funds for such Special Payment (each, a *Special Distribution Date* ). Any such distribution will be subject to the Intercreditor Agreement. (Basic Agreement, Sections 4.02(b) and (c); Trust Supplements, Section 7.01(d))

Any Deposits withdrawn because a Triggering Event occurs, and any unused Deposits remaining as of the Delivery Period Termination Date, will be distributed, together with accrued and unpaid interest thereon, but without any premium (each, also a *Special Payment* ), on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution (also, a *Special Distribution Date* ). However, if the day scheduled for such withdrawal is within 10 days before or after a Regular Distribution Date, the Escrow Agent will request that such withdrawal be made on such Regular Distribution Date. Any such distribution will not be subject to the Intercreditor Agreement. (Escrow Agreements, Sections 1.02(f), 2.03(b) and 2.06)

*Triggering Event* means (i) the occurrence of an Indenture Event of Default under all of the Indentures resulting in a PTC Event of Default with respect to the most senior class of Certificates then outstanding, (ii) the acceleration of all of the outstanding Equipment Notes (*provided that*, with respect to the period prior to the Delivery Period Termination Date, the aggregate principal amount thereof exceeds \$500 million) or (iii) certain bankruptcy or insolvency events involving American. (Intercreditor Agreement, Section 1.01)

Any Deposits withdrawn because an Aircraft suffers a Delivery Period Event of Loss (or an event that would constitute such a Delivery Period Event of Loss but for the requirement that notice be given or time elapse or both) before such Aircraft is financed pursuant to this offering will be distributed,





**Table of Contents**

together with accrued and unpaid interest thereon, but without any premium (each, also a *Special Payment* ), on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution (also, a *Special Distribution Date* ). Any such distribution will not be subject to the Intercreditor Agreement. (Escrow Agreements, Sections 1.02(e), 2.03(b) and 2.07)

Each Paying Agent, in the case of the Deposits, and each Trustee, in the case of the Trust Property, will mail a notice to the Certificateholders of the applicable Trust stating the scheduled Special Distribution Date, the related record date, the amount of the Special Payment and, in the case of a distribution under the applicable Pass Through Trust Agreement, the reason for the Special Payment. In the case of a redemption or purchase of the Equipment Notes held in the related Trust or any withdrawal or return of Deposits described under Description of the Deposit Agreements Other Withdrawals and Return of Deposits, such notice will be mailed not less than 15 days prior to the date such Special Payment is scheduled to be distributed, and in the case of any other Special Payment, such notice will be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment. (Basic Agreement, Section 4.02(c); Trust Supplements, Section 7.01(d); Escrow Agreements, Sections 2.06 and 2.07) Each distribution of a Special Payment, other than a Final Distribution, on a Special Distribution Date for any Trust will be made by the Paying Agent or the Trustee, as applicable, to the Certificateholders of record of such Trust on the record date applicable to such Special Payment. (Basic Agreement, Section 4.02(b); Escrow Agreements, Section 2.03(b)) See Indenture Events of Default and Certain Rights Upon an Indenture Event of Default and Description of the Equipment Notes Redemption.

Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more non-interest bearing accounts (the *Certificate Account* ) for the deposit of payments representing Scheduled Payments received by such Trustee. (Basic Agreement, Section 4.01) Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more accounts (the *Special Payments Account* ) for the deposit of payments representing Special Payments received by such Trustee, which will be non-interest bearing except in certain limited circumstances where the Trustee may invest amounts in such account in certain Permitted Investments. (Basic Agreement, Section 4.01 and Section 4.04; Trust Supplements, Section 7.01(c)) Pursuant to the terms of each Pass Through Trust Agreement, the Trustee is required to deposit any Scheduled Payments relating to the applicable Trust received by it in the Certificate Account of such Trust and to deposit any Special Payments received by it in the Special Payments Account of such Trust. (Basic Agreement, Section 4.01; Trust Supplements, Section 7.01(c)) All amounts so deposited will be distributed by the Trustee on a Regular Distribution Date or a Special Distribution Date, as appropriate. (Basic Agreement, Section 4.02)

Each Escrow Agreement requires that the Paying Agent establish and maintain, for the benefit of the applicable Receiptholders, an account (the *Paying Agent Account* ), which will be non-interest bearing, and the Paying Agent is under no obligation to invest any amounts held in the Paying Agent Account. (Escrow Agreements, Section 2.02) Pursuant to the terms of the Deposit Agreements, the Depositary agrees to pay interest payable on Deposits and amounts withdrawn from the Deposits as described under Description of the Deposit Agreements Other Withdrawals and Return of Deposits, in accordance with the applicable Deposit Agreement, directly into the related Paying Agent Account. (Deposit Agreements, Section 4) All amounts so deposited in the Paying Agent Accounts will be distributed by the Paying Agent on a Regular Distribution Date or Special Distribution Date, as appropriate. See Description of the Deposit Agreements.

The Final Distribution for each Trust will be made only upon presentation and surrender of the Certificates for such Trust at the office or agency of the Trustee specified in the notice given by the Trustee of such Final Distribution. (Basic Agreement, Section 11.01) See Termination of the Trusts

S-55

**Table of Contents**

below. Distributions in respect of Certificates issued in global form will be made as described in Book-Entry Registration; Delivery and Form below.

If any Regular Distribution Date or Special Distribution Date is not a Business Day, distributions scheduled to be made on such Regular Distribution Date or Special Distribution Date will be made on the next succeeding Business Day and interest will not be added for such additional period. (Basic Agreement, Section 12.11; Trust Supplements, Sections 3.02(c) and 3.02(d))

*Business Day* means, with respect to Certificates of any class, any day (a) other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in New York, New York; Fort Worth, Texas; Wilmington, Delaware; or, so long as any Certificate of such class is outstanding, the city and state in which the Trustee, the Subordination Agent or any related Loan Trustee maintains its corporate trust office or receives and disburses funds, and (b) solely with respect to drawings under any Liquidity Facility, which is also a Business Day as defined in such Liquidity Facility. (Intercreditor Agreement, Section 1.01)

**Subordination**

The Certificates are subject to subordination terms set forth in the Intercreditor Agreement. See Description of the Intercreditor Agreement Priority of Distributions.

**Pool Factors**

The *Pool Balance* of the Certificates issued by any Trust indicates, as of any date, the original aggregate face amount of the Certificates of such Trust less the aggregate amount of all distributions made as of such date in respect of the Certificates of such Trust or in respect of the Deposits relating to such Trust, other than distributions made in respect of interest or Make-Whole Amount or reimbursement of any costs and expenses incurred in connection therewith. The Pool Balance of the Certificates issued by any Trust as of any date will be computed after giving effect to any distribution with respect to unused Deposits, payment of principal, if any, on the Equipment Notes or payment with respect to other Trust Property held in such Trust and the distribution thereof to be made on such date. (Trust Supplements, Section 1.01; Intercreditor Agreement, Section 1.01)

The *Pool Factor* for each Trust as of any Distribution Date is the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance of such Trust by (ii) the original aggregate face amount of the Certificates of such Trust. The Pool Factor for each Trust as of any Distribution Date will be computed after giving effect to any distribution with respect to unused Deposits, payment of principal, if any, on the Equipment Notes or payments with respect to other Trust Property held in such Trust and the distribution thereof to be made on that date. (Trust Supplements, Section 1.01) The Pool Factor of each Trust will be 1.0000000 on the date of issuance of the Certificates (the *Issuance Date*); thereafter, the Pool Factor for each Trust will decline as described herein to reflect reductions in the Pool Balance of such Trust. The amount of a Certificateholder's *pro rata* share of the Pool Balance of a Trust can be determined by multiplying the original denomination of the Certificateholder's Certificate of such Trust by the Pool Factor for such Trust as of the applicable Distribution Date. Notice of the Pool Factor and the Pool Balance for each Trust will be mailed to Certificateholders of such Trust on each Distribution Date. (Trust Supplements, Section 5.01(a))

The following table sets forth the expected aggregate principal amortization schedule (the *Assumed Amortization Schedule*) for the Equipment Notes held in each Trust and resulting Pool Factors with respect to such Trust, assuming that each Aircraft has been subjected to an Indenture on or prior to December 31, 2014 and all of the related Equipment Notes with respect to such Aircraft

S-56

**Table of Contents**

have been acquired by such Trust by such date. The actual aggregate principal amortization schedule applicable to a Trust and the resulting Pool Factors with respect to such Trust may differ from the Assumed Amortization Schedule because the scheduled distribution of principal payments for any Trust may be affected if, among other things, any Equipment Notes held in such Trust are redeemed or purchased, if a default in payment on any Equipment Note occurs, or if any Aircraft is not subjected to an Indenture and the related Equipment Notes are not acquired by such Trust.

Date	Class A		Class B	
	Scheduled Principal Payments	Expected Pool Factor	Scheduled Principal Payments	Expected Pool Factor
At Issuance	\$ 0.00	1.0000000	\$ 0.00	1.0000000
April 1, 2015	21,731,056.00	0.9706915	9,930,424.85	0.9539029
October 1, 2015	21,403,860.81	0.9418244	9,725,084.79	0.9087590
April 1, 2016	21,081,684.26	0.9133917	9,517,370.20	0.8645792
October 1, 2016	20,759,507.80	0.8853935	9,309,655.55	0.8213638
April 1, 2017	20,437,331.30	0.8578299	9,101,940.96	0.7791125
October 1, 2017	20,115,154.81	0.8307008	8,894,226.32	0.7378254
April 1, 2018	19,792,978.29	0.8040062	8,686,511.69	0.6975025
October 1, 2018	19,470,801.81	0.7777461	8,478,797.08	0.6581439
April 1, 2019	19,148,625.27	0.7519205	10,974,019.39	0.6072024
October 1, 2019	18,826,448.83	0.7265295	10,668,810.14	0.5576777
April 1, 2020	18,504,272.31	0.7015729	10,363,600.98	0.5095698
October 1, 2020	18,182,095.81	0.6770509	10,058,391.80	0.4628786
April 1, 2021	19,351,317.80	0.6509520	8,261,784.16	0.4245274
October 1, 2021	18,971,203.40	0.6253657	8,014,512.84	0.3873239
April 1, 2022	18,591,088.98	0.6002921	7,767,241.58	0.3512683
October 1, 2022	18,210,974.60	0.5757311	75,671,627.67	0.0000000
April 1, 2023	17,830,860.15	0.5516828	0.00	0.0000000
October 1, 2023	17,450,745.76	0.5281472	0.00	0.0000000
April 1, 2024	17,070,631.36	0.5051242	0.00	0.0000000
October 1, 2024	16,690,516.91	0.4826138	0.00	0.0000000
April 1, 2025	16,310,402.52	0.4606161	0.00	0.0000000
October 1, 2025	15,930,288.09	0.4391311	0.00	0.0000000
April 1, 2026	15,550,173.71	0.4181587	0.00	0.0000000
October 1, 2026	310,047,979.42	0.0000000	0.00	0.0000000

If the Pool Factor and Pool Balance of a Trust differ from the Assumed Amortization Schedule for such Trust, notice thereof will be provided to the Certificateholders of such Trust as described hereafter. The Pool Factor and Pool Balance of each Trust will be recomputed if there has been an early redemption, purchase or default in the payment of principal or interest in respect of one or more of the Equipment Notes held in a Trust, as described in Indenture Events of Default and Certain Rights Upon an Indenture Event of Default, Possible Issuance of Additional Certificates and Refinancing of Certificates and Description of the Equipment Notes Redemption, or a special distribution of unused Deposits attributable to (a) the occurrence of a Delivery Period Event of Loss (or an event that would constitute such a Delivery Period Event of Loss but for the requirement that notice be given or time elapse or both) with respect to an Aircraft before such Aircraft is financed pursuant to this offering, (b) the occurrence of a Triggering Event or (c) unused Deposits remaining after the Delivery Period Termination Date, in each case as described in Description of

the Deposit Agreements Other Withdrawals and Return of Deposits. If the aggregate principal payments scheduled for a Regular Distribution Date prior to the Delivery Period Termination Date will not be as set forth in the Assumed Amortization Schedule for a Trust, notice thereof will be mailed to the

S-57

**Table of Contents**

Certificateholders of such Trust by no later than the 15th day prior to such Regular Distribution Date. Promptly following (i) the Delivery Period Termination Date or, if applicable, the date any unused Deposits are withdrawn following the Delivery Period Termination Date, if there has been, on or prior to such date, (x) any change in the Pool Factor and the scheduled payments from the Assumed Amortization Schedule or (y) any such redemption, purchase, default or special distribution and (ii) the date of any such redemption, purchase, default or special distribution occurring after the Delivery Period Termination Date or, if applicable the date any unused Deposits are withdrawn following the Delivery Period Termination Date, the Pool Factor, Pool Balance and expected principal payment schedule of each Trust will be recomputed after giving effect thereto and notice thereof will be mailed to the Certificateholders of such Trust. (Trust Supplements, Sections 5.01(c) and 5.01(d)) See Reports to Certificateholders, Certificate Buyout Right of Certificateholders, and Description of the Deposit Agreements.

**Reports to Certificateholders**

On each Distribution Date, the applicable Trustee will include with each distribution by it of a Scheduled Payment or Special Payment to the Certificateholders of the related Trust a statement, giving effect to such distribution to be made on such Distribution Date, setting forth the following information (per \$1,000 aggregate principal amount of Certificates as to items (2), (3), (4) and (5) below):

- (1) the aggregate amount of funds distributed on such Distribution Date under the related Pass Through Trust Agreement and under the related Escrow Agreement, indicating the amount, if any, allocable to each source, including any portion thereof paid by the applicable Liquidity Provider;
- (2) the amount of such distribution under the related Pass Through Trust Agreement allocable to principal and the amount allocable to Make-Whole Amount (if any);
- (3) the amount of such distribution under the related Pass Through Trust Agreement allocable to interest, indicating any portion thereof paid by the applicable Liquidity Provider;
- (4) the amount of such distribution under the related Escrow Agreement allocable to interest, if any;
- (5) the amount of such distribution under the related Escrow Agreement allocable to unused Deposits, if any; and
- (6) the Pool Balance and the Pool Factor for such Trust. (Trust Supplements, Section 5.01)

As long as the Certificates are registered in the name of The Depository Trust Company ( *DTC* ) or its nominee (including Cede & Co. ( *Cede* )), on the record date prior to each Distribution Date, the applicable Trustee will request that DTC post on its Internet bulletin board a securities position listing setting forth the names of all DTC Participants reflected on DTC's books as holding interests in the applicable Certificates on such record date. On each Distribution Date, the applicable Trustee will mail to each such DTC Participant the statement described above and will make available additional copies as requested by such DTC Participant for forwarding to Certificate Owners. (Trust Supplements, Section 5.01(a))

In addition, after the end of each calendar year, the applicable Trustee will furnish to each person who at any time during the preceding calendar year was a Certificateholder of record a report containing the sum of the amounts determined pursuant to clauses (1), (2), (3), (4) and (5) above with respect to the applicable Trust for such calendar year or, if such person was a Certificateholder during only a portion of such calendar year, for the applicable portion of such calendar year, and such other items as are readily available to such Trustee and which a Certificateholder reasonably requests as

S-58



**Table of Contents**

necessary for the purpose of such Certificateholder's preparation of its U.S. federal income tax returns or foreign income tax returns. (Trust Supplements, Section 5.01(b)) Such report and such other items will be prepared on the basis of information supplied to the applicable Trustee by the DTC Participants and will be delivered by such Trustee to such DTC Participants to be available for forwarding by such DTC Participants to Certificate Owners. (Trust Supplements, Section 5.01(b))

At such time, if any, as Certificates are issued in the form of Definitive Certificates, the applicable Trustee will prepare and deliver the information described above to each Certificateholder of record of the applicable Trust as the name and period of record ownership of such Certificateholder appears on the records of the registrar of the applicable Certificates.

### **Indenture Events of Default and Certain Rights Upon an Indenture Event of Default**

Since the Equipment Notes issued under an Indenture will be held in more than one Trust, a continuing Indenture Event of Default would affect the Equipment Notes held by each such Trust. See Description of the Equipment Notes Indenture Events of Default, Notice and Waiver for a list of Indenture Events of Default.

Upon the occurrence and during the continuation of an Indenture Event of Default under an Indenture, the Controlling Party may direct the Loan Trustee under such Indenture to accelerate the Equipment Notes issued thereunder and may direct the Loan Trustee under such Indenture in the exercise of remedies thereunder and may sell all (but not less than all) of such Equipment Notes or foreclose and sell the Collateral under such Indenture to any person, subject to certain limitations. See Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies. The proceeds of any such sale will be distributed pursuant to the provisions of the Intercreditor Agreement. Any such proceeds so distributed to any Trustee upon any such sale will be deposited in the applicable Special Payments Account and will be distributed to the Certificateholders of the applicable Trust on a Special Distribution Date. (Basic Agreement, Sections 4.01 and 4.02; Trust Supplements, Sections 7.01(c) and 7.01(d))

The market for Aircraft or Equipment Notes during the continuation of any Indenture Event of Default may be limited and there can be no assurance as to whether they could be sold or the price at which they could be sold. If any Equipment Notes are sold for less than their outstanding principal amount, or any Aircraft are sold for less than the outstanding principal amount of the related Equipment Notes, certain Certificateholders will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against American (except in the case that Aircraft are sold for less than the outstanding principal amount of the related Equipment Notes), any Liquidity Provider or any Trustee. Neither the Trustee of the Trust holding such Equipment Notes nor the Certificateholders of such Trust, furthermore, could take action with respect to any remaining Equipment Notes held in such Trust as long as no Indenture Event of Default existed with respect thereto.

Any amount, other than Scheduled Payments received on a Regular Distribution Date or within five days thereafter, distributed to the Trustee of any Trust by the Subordination Agent on account of the Equipment Notes or other Trust Property held in such Trust following an Indenture Event of Default under any Indenture will be deposited in the Special Payments Account for such Trust and will be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Basic Agreement, Section 4.02(b); Trust Supplements, Sections 1.01 and 7.01(c); Intercreditor Agreement, Sections 1.01 and 2.04)

Any funds representing payments received with respect to any defaulted Equipment Notes, or the proceeds from the sale of any Equipment Notes, held by the Trustee in the Special Payments Account



---

**Table of Contents**

for such Trust will, to the extent practicable, be invested and reinvested by such Trustee in certain Permitted Investments pending the distribution of such funds on a Special Distribution Date. (Basic Agreement, Section 4.04)

*Permitted Investments* are defined as obligations of the United States or agencies or instrumentalities thereof the payment of which is backed by the full faith and credit of the United States and which mature in not more than 60 days after they are acquired or such lesser time as is required for the distribution of any Special Payments on a Special Distribution Date. (Basic Agreement, Section 1.01)

Each Pass Through Trust Agreement provides that the Trustee of the related Trust will, within 90 days after the occurrence of a default (as defined below) known to it, notify the Certificateholders of such Trust by mail of such default, unless such default has been cured or waived; *provided* that, (i) in the case of defaults not relating to the payment of money, such Trustee will not give notice until the earlier of the time at which such default becomes an Indenture Event of Default and the expiration of 60 days from the occurrence of such default, and (ii) except in the case of default in a payment of principal, Make-Whole Amount (if any), or interest on any of the Equipment Notes held in such Trust, the applicable Trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of such Certificateholders. (Basic Agreement, Section 7.02) For the purpose of the provision described in this paragraph only, the term *default* with respect to a Trust means an event that is, or after notice or lapse of time or both would become, an event of default with respect to such Trust or a Triggering Event under the Intercreditor Agreement, and the term *event of default* with respect to a Trust means an Indenture Event of Default under any Indenture pursuant to which Equipment Notes held by such Trust were issued.

Each Pass Through Trust Agreement contains a provision entitling the Trustee of the related Trust, subject to the duty of such Trustee during a default to act with the required standard of care, to be offered reasonable security or indemnity by the holders of the Certificates of such Trust before proceeding to exercise any right or power under such Pass Through Trust Agreement or the Intercreditor Agreement at the request of such Certificateholders. (Basic Agreement, Section 7.03(e))

Subject to certain qualifications set forth in each Pass Through Trust Agreement and to certain limitations set forth in the Intercreditor Agreement, the Certificateholders of each Trust holding Certificates evidencing fractional undivided interests aggregating not less than a majority in interest in such Trust will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to such Trust or pursuant to the terms of the Intercreditor Agreement or the applicable Liquidity Facility, or exercising any trust or power conferred on such Trustee under such Pass Through Trust Agreement, the Intercreditor Agreement, or such Liquidity Facility, including any right of such Trustee as Controlling Party under the Intercreditor Agreement or as a Noteholder. (Basic Agreement, Section 6.04) See *Description of the Intercreditor Agreement Intercreditor Rights Controlling Party*.

Subject to the Intercreditor Agreement, the holders of the Certificates of a Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust may on behalf of the holders of all of the Certificates of such Trust waive any past Indenture Event of Default or *default* under the related Pass Through Trust Agreement and its consequences or, if the Trustee of such Trust is the Controlling Party, may direct such Trustee to so instruct the applicable Loan Trustee; *provided, however*, that the consent of each holder of a Certificate of a Trust is required to waive (i) a default in the deposit of any Scheduled Payment or Special Payment or in the distribution thereof, (ii) a default in payment of the principal, Make-Whole Amount (if any) or interest with respect to any of the Equipment Notes held in such Trust or (iii) a default in respect of any covenant or provision of the related Pass Through Trust Agreement that cannot be modified or amended without the consent of each Certificateholder of such Trust affected thereby. (Basic Agreement, Section 6.05) Each Indenture will provide that, with certain exceptions, the holders of the majority in aggregate unpaid principal

S-60

---

**Table of Contents**

amount of the Equipment Notes issued thereunder may on behalf of all such holders waive any past default or Indenture Event of Default thereunder. Notwithstanding such provisions of the Indentures, pursuant to the Intercreditor Agreement only the Controlling Party will be entitled to waive any such past default or Indenture Event of Default. See Description of the Intercreditor Agreement Intercreditor Rights Controlling Party.

If the same institution acts as Trustee of multiple Trusts, such Trustee could be faced with a potential conflict of interest upon an Indenture Event of Default. In such event, each Trustee has indicated that it would resign as Trustee of one or all such Trusts, and a successor trustee would be appointed in accordance with the terms of the applicable Pass Through Trust Agreement. Wilmington Trust Company will be the initial Trustee under each Trust. (Basic Agreement, Sections 7.08 and 7.09)

**Certificate Buyout Right of Certificateholders**

After the occurrence and during the continuation of a Certificate Buyout Event, with ten days prior written irrevocable notice to the Class A Trustee, the Class B Trustee and each other Class B Certificateholder, and so long as no holder of Additional Certificates (if any) shall have elected to exercise its Additional Holder Buyout Right and given notice of such election, each Class B Certificateholder (other than American or any of its affiliates) will have the right (the *Class B Buyout Right*) to purchase all, but not less than all, of the Class A Certificates on the third Business Day next following the expiry of such ten-day notice period; *provided* that, with respect to such Certificate Buyout Event, such Class B Buyout Right shall terminate upon notification of an election to exercise an Additional Holder Buyout Right, but shall be revived if the exercise of such Additional Holder Buyout Right is not consummated on the purchase date proposed therefor.

If any Additional Certificates are issued, the holders of such Additional Certificates (other than American or any of its affiliates) will have the right (the *Additional Holder Buyout Right*) regardless of the exercise of purchase rights by any Class B Certificateholder to purchase all but not less than all of the Class A Certificates and Class B Certificates. If Refinancing Certificates are issued, holders of such Refinancing Certificates will have the same right (subject to the same terms and conditions) to purchase Certificates as the holders of the Certificates that such Refinancing Certificates refinanced. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

In each case, the purchase price will be equal to the Pool Balance of the relevant class or classes of Certificates plus accrued and unpaid interest thereon to the date of purchase, without any premium, but including any other amounts then due and payable to the Certificateholders of such class or classes under the related Pass Through Trust Agreement, the Intercreditor Agreement, the related Escrow Agreement, any Equipment Note held as part of the related Trust Property or the related Indenture and Participation Agreement or on or in respect of such Certificates; *provided, however*, that if such purchase occurs after (i) a record date specified in the related Escrow Agreement relating to the distribution of unused Deposits and/or accrued and unpaid interest on Deposits and prior to or on the related distribution date under such Escrow Agreement, such purchase price will be reduced by the aggregate amount of unused Deposits and/or interest to be distributed under such Escrow Agreement (which deducted amounts will remain distributable to, and may be retained by, the Certificateholders of such class or classes as of such record date), or (ii) the record date under the related Pass Through Trust Agreement relating to any Distribution Date, such purchase price will be reduced by the amount to be distributed thereunder on such related Distribution Date (which deducted amounts will remain distributable to, and may be retained by, the Certificateholders of such class or classes as of such record date). Such purchase right may be exercised by any Certificateholder of the class or classes entitled to such right.



---

**Table of Contents**

In each case, if prior to the end of the ten-day notice period, any other Certificateholder(s) of the same class notifies the purchasing Certificateholder that such other Certificateholder(s) want(s) to participate in such purchase, then such other Certificateholder(s) (other than the Company or any of its affiliates) may join with the purchasing Certificateholder to purchase the applicable senior Certificates *pro rata* based on the interest in the Trust with respect to such class held by each purchasing Certificateholder of such class. Upon consummation of such a purchase, no other Certificateholder of the same class as the purchasing Certificateholder will have the right to purchase the Certificates of the applicable class or classes during the continuance of such Certificate Buyout Event. If American or any of its affiliates is a Certificateholder, it will not have the purchase rights described above. (Trust Supplements, Section 6.01)

A *Certificate Buyout Event* means that an American Bankruptcy Event has occurred and is continuing and either of the following events has occurred: (A) (i) the 60-day period specified in Section 1110(a)(2)(A) of the Bankruptcy Code (the *60-Day Period*) has expired and (ii) American has not entered into one or more agreements under Section 1110(a)(2)(A) of the Bankruptcy Code to perform all of its obligations under all of the Indentures and has not cured defaults thereunder in accordance with Section 1110(a)(2)(B) of the Bankruptcy Code or, if it has entered into such agreements, has at any time thereafter failed to cure any default under any of the Indentures in accordance with Section 1110(a)(2)(B) of the Bankruptcy Code; or (B) if prior to the expiry of the 60-Day Period, American will have abandoned any Aircraft. (Intercreditor Agreement, Section 1.01)

### **PTC Event of Default**

A *PTC Event of Default* with respect to each Pass Through Trust Agreement and the related class of Certificates means the failure to distribute within ten Business Days after the applicable Distribution Date either:

the outstanding Pool Balance of such class of Certificates on the Final Legal Distribution Date for such class;  
or

the interest scheduled for distribution on such class of Certificates on any Distribution Date (unless the Subordination Agent has made an Interest Drawing, or a withdrawal from the Cash Collateral Account for such class of Certificates, in an aggregate amount sufficient to pay such interest and has distributed such amount to the Trustee entitled thereto). (Intercreditor Agreement, Section 1.01)

Any failure to make expected principal distributions with respect to any class of Certificates on any Regular Distribution Date (other than the Final Legal Distribution Date) will not constitute a PTC Event of Default with respect to such Certificates.

A PTC Event of Default with respect to the most senior outstanding class of Certificates resulting from an Indenture Event of Default under all Indentures will constitute a Triggering Event.

### **Merger, Consolidation and Transfer of Assets**

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

the successor or transferee entity is organized and validly existing under the laws of the United States or any state thereof or the District of Columbia;

S-62



## Table of Contents

the successor or transferee entity is, if and to the extent required under Section 1110 in order that the Loan Trustee continues to be entitled to any benefits of Section 1110 with respect to an Aircraft, a *citizen of the United States* (as defined in Title 49 of the United States Code relating to aviation (the *Transportation Code* )) holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of the Transportation Code;

the successor or transferee entity expressly assumes all of the obligations of American contained in the Basic Agreement and any Trust Supplement, the Note Purchase Agreement, the Equipment Notes, the Indentures and the Participation Agreements;

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

except in a case where American is the surviving entity, American has delivered a certificate and, if required by any Trustee of a related Trust, an opinion of counsel indicating that such transaction, in effect, complies with such conditions.

In addition, after giving effect to such transaction, no Indenture Event of Default shall have occurred and be continuing. (Basic Agreement, Section 5.02; Trust Supplements, Section 8.01; Participation Agreements, Section 6.02(e); Note Purchase Agreement, Section 4(a)(iii))

None of the Certificates, the Equipment Notes or the underlying agreements will contain any covenants or provisions which may afford the applicable Trustee or Certificateholders protection in the event of a highly leveraged transaction, including transactions effected by management or affiliates, which may or may not result in a change in control of American or AAG.

### **Modification of the Pass Through Trust Agreements and Certain Other Agreements**

Each Pass Through Trust Agreement contains provisions permitting American and the Trustee thereof to enter into one or more agreements supplemental to such Pass Through Trust Agreement or, at the request of American, permitting or requesting, the execution of amendments or agreements supplemental to the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any of the Participation Agreements, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, without the consent of the holders of any of the Certificates of such Trust to, among other things:

make appropriate provisions for a guarantee (a *Parent Guarantee* ) of any obligations of American under such Pass Through Trust Agreement, any other Pass Through Trust Agreement, any pass through trust agreement related to the issuance or refinancing of Additional Certificates, any Certificate, the Intercreditor Agreement, any Liquidity Facility, any liquidity facility with respect to any Additional Certificates (if applicable), any

operative document with respect to any Aircraft, the Note Purchase Agreement or any agreement related to any of the foregoing, by AAG or any other person or entity that has the direct or indirect power to direct or cause the direction of the management and policy of American (whether through the ownership of voting securities or by contract or otherwise) in each case together with its successors and assigns (the *Guarantor* );

evidence the succession of another corporation or entity to American and the assumption by such corporation or entity of the covenants of American contained in such Pass Through Trust

S-63

**Table of Contents**

Agreement or of American's obligations under the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or any liquidity facility with respect to any Additional Certificates (if applicable) or, if applicable, to evidence the succession of another corporation or entity to the Guarantor and the assumption by such corporation or entity of the covenants contained in such Pass Through Trust Agreement or of the Guarantor's obligations under any Parent Guarantee;

add to the covenants of American or the Guarantor, if any, for the benefit of holders of any Certificates or surrender any right or power conferred upon American or the Guarantor, if any, in such Pass Through Trust Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee;

cure any ambiguity or correct any mistake or inconsistency contained in any Certificates, the Basic Agreement, any related Trust Supplement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee;

make or modify any other provision with respect to matters or questions arising under any Certificates, the Basic Agreement, any related Trust Supplement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, as American may deem necessary or desirable and that will not materially adversely affect the interests of the holders of the related Certificates;

comply with any requirement of the SEC, any applicable law, rules or regulations of any exchange or quotation system on which any Certificates are listed (or to facilitate any listing of any Certificates on any exchange or quotation system) or any requirement of DTC or like depository or of any regulatory body;

modify, eliminate or add to the provisions of such Pass Through Trust Agreement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, to the extent necessary to establish, continue or obtain the qualification of such Pass Through Trust Agreement (including any supplemental agreement), the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, under the Trust Indenture Act of 1939, as amended (the *Trust Indenture Act*), or under any similar federal statute enacted after the date of such Pass Through Trust Agreement, and with certain exceptions, add to such Pass Through Trust Agreement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, such other provisions as may be expressly permitted by the Trust Indenture Act;

(i) evidence and provide for a successor Trustee under such Pass Through Trust Agreement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Indenture, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, (ii) evidence the substitution of a Liquidity Provider with a replacement liquidity provider or to provide for any Replacement Facility, all as provided in the Intercreditor

S-64

**Table of Contents**

Agreement, (iii) evidence the substitution of the Depository with a replacement depository or provide for a replacement deposit agreement, all as provided in the Note Purchase Agreement, (iv) evidence and provide for a successor Escrow Agent or Paying Agent under the related Escrow Agreement or (v) add to or change any of the provisions of such Pass Through Trust Agreement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, as necessary to provide for or facilitate the administration of the Trust under such Pass Through Trust Agreement by more than one trustee or to provide multiple liquidity facilities for one or more Trusts;

provide certain information to the Trustee as required in such Pass Through Trust Agreement;

add to or change any provision of any Certificates, the Basic Agreement or any Trust Supplement to facilitate the issuance of such Certificates in bearer form or to facilitate or provide for the issuance of such Certificates in global form in addition to or in place of Certificates in certificated form;

provide for the delivery of any agreement supplemental to such Pass Through Trust Agreement or any Certificates in or by means of any computerized, electronic or other medium, including by computer diskette;

correct or supplement the description of any property constituting property of such Trust;

modify, eliminate or add to the provisions of the Basic Agreement, any Trust Supplement, the Note Purchase Agreement, any Participation Agreement or any Parent Guarantee to reflect the substitution of a substitute aircraft for any Aircraft;

comply with any requirement of the SEC in connection with the qualification of such Pass Through Trust Agreement, any Parent Guarantee or any other agreement or instrument related to any Certificates under the Trust Indenture Act; or

make any other amendments or modifications to such Pass Through Trust Agreement; *provided* that such amendments or modifications will only apply to Certificates of one or more class to be hereafter issued; *provided, however*, that, except to the extent otherwise provided in the supplemental agreement, unless there shall have been obtained from each Rating Agency written confirmation to the effect that such supplemental agreement would not result in a reduction of the rating for any class of Certificates below the then current rating of such class of Certificates or a withdrawal or suspension of the rating of any class of Certificates, American shall provide the applicable Trustee with an opinion of counsel to the effect that such supplemental agreement will not cause the related Trust to be treated as other than a grantor trust for U.S. federal income tax purposes, unless an Indenture Event of Default shall have occurred and be continuing, in which case such opinion shall be to the effect that such supplemental agreement will not cause the applicable Trust to become an association taxable as a corporation for U.S. federal income tax purposes. (Basic Agreement, Section 9.01; Trust Supplements, Section 8.02)

Each Pass Through Trust Agreement also contains provisions permitting American and the related Trustee to enter into one or more agreements supplemental to such Pass Through Trust Agreement or, at the request of American, permitting or requesting the execution of amendments or agreements supplemental to any other Pass Through Trust Agreement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Certificate, any Participation Agreement, any other operative document with respect to any Aircraft, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, without the consent of the Certificateholders of the related Trust,

S-65

**Table of Contents**

to provide for the issuance of any Additional Certificates or any Refinancing Certificates, the formation of related trusts, the purchase by such trusts of the related equipment notes, the establishment of certain matters with respect to such Additional Certificates or Refinancing Certificates, and other matters incidental thereto or as otherwise contemplated by the Basic Agreement, all as provided in, and subject to certain terms and conditions set forth in, the Note Purchase Agreement and the Intercreditor Agreement. (Trust Supplements, Section 8.02) See Possible Issuance of Additional Certificates and Refinancing of Certificates.

Each Pass Through Trust Agreement also contains provisions permitting the execution, with the consent of the holders of the Certificates of the related Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust, of supplemental agreements adding any provisions to or changing or eliminating any of the provisions of such Pass Through Trust Agreement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, to the extent applicable to such Certificateholders or modifying the rights of such Certificateholders under such Pass Through Trust Agreement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Liquidity Facility or, if applicable, any liquidity facility with respect to any Additional Certificates or any Parent Guarantee, except that no such supplemental agreement may, without the consent of the holder of each outstanding Certificate adversely affected thereby:

reduce in any manner the amount of, or delay the timing of, any receipt by the related Trustee (or, with respect to the Deposits, the Receiptholders) of payments on the Equipment Notes held in such Trust, or distributions in respect of any Certificate of such Trust (or, with respect to the Deposits, payments upon the Deposits), or change the date or place of any payment of any such Certificate or change the coin or currency in which any such Certificate is payable, or impair the right of any Certificateholder of such Trust to institute suit for the enforcement of any such payment or distribution when due;

permit the disposition of any Equipment Note held in such Trust or otherwise deprive such Certificateholder of the benefit of the ownership of the Equipment Notes in such Trust, except as provided in such Pass Through Trust Agreement, the Intercreditor Agreement or any applicable Liquidity Facility;

alter the priority of distributions specified in the Intercreditor Agreement in a manner materially adverse to the interests of any holders of any outstanding Certificates;

modify certain amendment provisions in such Pass Through Trust Agreement, except to increase the percentage of the aggregate fractional undivided interests of the related Trust provided for in such Pass Through Trust Agreement, the consent of the Certificateholders of which is required for any such supplemental agreement provided for in such Pass Through Trust Agreement, or to provide that certain other provisions of such Pass Through Trust Agreement cannot be modified or waived without the consent of the Certificateholder of each Certificate of such class affected thereby; or

cause any Trust to become an association taxable as a corporation for U.S. federal income tax purposes. (Basic Agreement, Section 9.02; Trust Supplements, Section 8.03)

Notwithstanding any other provision, no amendment or modification of the buyout rights described in Certificate Buyout Right of Certificateholders shall be effective unless the Trustee of each class of Certificates affected by such amendment or modification shall have consented thereto. (Trust Supplements, Section 8.04)

If a Trustee, as holder (or beneficial owner through the Subordination Agent) of any Equipment Note in trust for the benefit of the Certificateholders of the relevant Trust or as Controlling Party under

S-66



**Table of Contents**

the Intercreditor Agreement, receives (directly or indirectly through the Subordination Agent) a request for a consent to any amendment, modification, waiver or supplement under any Indenture, any Participation Agreement, any Equipment Note, the Note Purchase Agreement, any Parent Guarantee or certain other related documents, then subject to the provisions described above in respect of modifications for which consent of such Certificateholders is not required, such Trustee will forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder of the relevant Trust registered on the register of such Trust as of the date of such notice. Such Trustee will request from the Certificateholders of such Trust a direction as to:

whether or not to take or refrain from taking (or direct the Subordination Agent to take or refrain from taking) any action that a Noteholder of such Equipment Note or the Controlling Party has the option to direct;

whether or not to give or execute (or direct the Subordination Agent to give or execute) any waivers, consents, amendments, modifications or supplements as such a Noteholder or as Controlling Party; and

how to vote (or direct the Subordination Agent to vote) any such Equipment Note if a vote has been called for with respect thereto. (Basic Agreement, Section 10.01; Intercreditor Agreement, Section 8.01(b))

Provided such a request for a Certificateholder direction shall have been made, in directing any action or casting any vote or giving any consent as holder of any Equipment Note (or in directing the Subordination Agent in any of the foregoing):

other than as the Controlling Party, such Trustee will vote for or give consent to any such action with respect to such Equipment Note in the same proportion as that of (x) the aggregate face amount of all Certificates actually voted in favor of or for giving consent to such action by such direction of Certificateholders to (y) the aggregate face amount of all outstanding Certificates of such Trust; and

as the Controlling Party, such Trustee will vote as directed in such Certificateholder direction by the Certificateholders evidencing fractional undivided interests aggregating not less than a majority in interest in such Trust. (Basic Agreement, Section 10.01)

For purposes of the immediately preceding paragraph, a Certificate is deemed actually voted if the Certificateholder thereof has delivered to the applicable Trustee an instrument evidencing such Certificateholder's consent to such direction prior to one Business Day before such Trustee directs such action or casts such vote or gives such consent. Notwithstanding the foregoing, but subject to certain rights of the Certificateholders under the relevant Pass Through Trust Agreement and subject to the Intercreditor Agreement, such Trustee may, in its own discretion and at its own direction, consent and notify the relevant Loan Trustee of such consent (or direct the Subordination Agent to consent and notify the relevant Loan Trustee of such consent) to any amendment, modification, waiver or supplement under any related Indenture, Participation Agreement, Equipment Note, the Note Purchase Agreement, any Parent Guarantee or certain other related documents, if an Indenture Event of Default under any Indenture has occurred and is continuing, or if such amendment, modification, waiver or supplement will not materially adversely affect the interests of such Certificateholders. (Basic Agreement, Section 10.01)

Pursuant to the Intercreditor Agreement, with respect to any Indenture at any given time, the Loan Trustee under such Indenture will be directed by the Subordination Agent (as directed by the respective Trustees or by the Controlling Party, as applicable) in taking, or refraining from taking, any action thereunder or with respect to the Equipment Notes issued under such Indenture that are held by the Subordination Agent as the property of the relevant Trust. Any Trustee acting as Controlling Party

S-67

---

**Table of Contents**

will direct the Subordination Agent as such Trustee is directed by Certificateholders evidencing fractional undivided interests aggregating not less than a majority in interest in the relevant Trust. (Intercreditor Agreement, Sections 2.06 and 8.01(b)) Notwithstanding the foregoing, without the consent of each Liquidity Provider and each affected Certificateholder holding Certificates representing a fractional undivided interest in the Equipment Notes under the applicable Indenture held by the Subordination Agent, among other things, no amendment, supplement, modification, consent or waiver of or relating to such Indenture, any related Equipment Note, Participation Agreement or other related document will: (i) reduce the principal amount of, Make-Whole Amount, if any, or interest on, any Equipment Note under such Indenture; (ii) change the date on which any principal amount of, Make-Whole Amount, if any, or interest on any Equipment Note under such Indenture, is due or payable; (iii) create any lien with respect to the Collateral subject to such Indenture prior to or *pari passu* with the lien thereon under such Indenture except such as are permitted by such Indenture; or (iv) reduce the percentage of the outstanding principal amount of the Equipment Notes under such Indenture the consent of whose holders is required for any supplemental agreement, or the consent of whose holders is required for any waiver of compliance with certain provisions of such Indenture or of certain defaults thereunder or their consequences provided for in such Indenture. In addition, without the consent of each Certificateholder, no such amendment, modification, consent or waiver will, among other things, deprive any Certificateholder of the benefit of the lien of any Indenture on the related Collateral, except as provided in connection with the exercise of remedies under such Indenture. (Intercreditor Agreement, Section 8.01(b)) See Indenture Events of Default and Certain Rights Upon an Indenture Event of Default for a description of the rights of the Certificateholders of each Trust to direct the respective Trustees.

**Obligation to Purchase Equipment Notes**

The Trustees will be obligated to purchase the Equipment Notes issued with respect to each Aircraft prior to the Delivery Period Termination Date on and subject to the terms and conditions of a note purchase agreement (the *Note Purchase Agreement*) to be entered into by American, the Trustees, the Subordination Agent, the Escrow Agent and the Paying Agent and the forms of financing agreements attached to the Note Purchase Agreement. On and subject to the terms and conditions of the Note Purchase Agreement and such forms of financing agreements, American agrees to enter into a secured debt financing with respect to each Aircraft on or prior to December 31, 2014 with the other relevant parties pursuant to a Participation Agreement and an Indenture that are substantially in the forms attached to the Note Purchase Agreement.

The description of such financing agreements in this prospectus supplement is based on the forms of such agreements attached to the Note Purchase Agreement. However, the terms of the financing agreements actually entered into with respect to an Aircraft may differ from the forms of such agreements and, consequently, may differ from the description of such agreements contained in this prospectus supplement. See Description of the Equipment Notes. Although such changes are permitted under the Note Purchase Agreement, American must obtain written confirmation from each Rating Agency to the effect that that the use of financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement will not result in a withdrawal, suspension or downgrading of the rating of each class of Certificates then rated by such Rating Agency and that remains outstanding. The terms of such financing agreements also must comply with the Required Terms. In addition, American, subject to certain exceptions, is obligated to certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders or any Liquidity Provider.

Under the Note Purchase Agreement, the Trustees will not be obligated to purchase the Equipment Notes to be issued with respect to any Aircraft not yet financed if a Triggering Event has



**Table of Contents**

occurred or certain specified conditions are not met. In addition, if a Delivery Period Event of Loss (or an event that would constitute such a Delivery Period Event of Loss but for the requirement that notice be given or time elapse or both) occurs with respect to an Aircraft before such Aircraft is financed pursuant to this offering, the Trustees will not be obligated to purchase the Equipment Notes to be issued with respect to such Aircraft. The Trustees will have no right or obligation to purchase the Equipment Notes to be issued with respect to any Aircraft after the Delivery Period Termination Date.

The *Required Terms*, as defined in the Note Purchase Agreement, mandate that:

the original principal amount and principal amortization schedule for each series of Equipment Notes issued with respect to each Aircraft will be as set forth in the table for that Aircraft included in Appendix V;

the interest rate applicable to each series of Equipment Notes must be equal to the interest rate applicable to the Certificates issued by the corresponding Trust;

the payment dates for the Equipment Notes must be April 1 and October 1;

(a) the past due rate in the Indentures, (b) the Make-Whole Amount payable under the Indentures, (c) the provisions relating to the redemption of the Equipment Notes in the Indentures, and (d) the indemnification of the Loan Trustees, the Subordination Agent, the Liquidity Providers, the Trustees and the Escrow Agent with respect to certain claims, expenses and liabilities, in each case will be provided as set forth, as applicable, in the form of Indenture attached as an exhibit to the Note Purchase Agreement (the *Indenture Form* ) or the form of Participation Agreement attached as an exhibit to the Note Purchase Agreement (the *Participation Agreement Form* );

the amounts payable under the all-risk aircraft hull insurance maintained with respect to each Aircraft must be not less than 110% of the unpaid principal amount of the related Equipment Notes, subject to certain rights of self-insurance;

modifications in any material adverse respect are prohibited with respect to (i) the Granting Clause of the Indenture Form so as to deprive holders of Equipment Notes under all the Indentures of a first priority security interest in and mortgage lien on the Aircraft or, to the extent assigned, certain of American's warranty rights under its purchase agreement with the Aircraft manufacturer or to eliminate the obligations intended to be secured thereby, (ii) certain provisions relating to the issuance, redemption, payments, and ranking of the Equipment Notes (including the obligation to pay the Make-Whole Amount in certain circumstances), (iii) certain provisions regarding Indenture Events of Default and remedies relating thereto, (iv) certain provisions relating to the replacement of the airframe or engines with respect to an Aircraft following an Event of Loss with respect to such Aircraft, (v) certain provisions relating to claims, actions, third party beneficiaries, voting, Section 1110 and Aircraft re-registration, (vi) the definition of Make-Whole Amount and (vii) the provision that New York law will govern the Indentures; and

modifications in any material adverse respect are prohibited with respect to (i) certain conditions to the obligations of the Trustees to purchase the Equipment Notes issued with respect to an Aircraft involving good title to such Aircraft, obtaining a certificate of airworthiness with respect to such Aircraft, entitlement to the benefits of Section 1110 with respect to such Aircraft and filings of certain documents with the FAA, (ii) the provisions restricting transfers of Equipment Notes, (iii) certain provisions relating to UCC filings, representations and warranties, taxes, filings or third party beneficiaries, (iv) certain provisions requiring the delivery of legal opinions and (v) the provision that New York law will govern the Participation Agreements.

S-69

## **Table of Contents**

Notwithstanding the foregoing, the Indenture Form or the Participation Agreement Form may be modified to the extent required for the successive redemption of the Series B Equipment Notes (or any Additional Equipment Notes) and issuance of Refinancing Equipment Notes or the issuance of any Additional Equipment Notes or the issuance of pass through certificates by any pass through trust that acquires such Refinancing Equipment Notes or Additional Equipment Notes, as applicable, or to provide for any credit support for any pass through certificates relating to any such Refinancing Equipment Notes or Additional Equipment Notes, as applicable, in each case as provided in the Note Purchase Agreement.

### **Termination of the Trusts**

With respect to each Trust, the obligations of American and the Trustee of such Trust will terminate upon the distribution to the Certificateholders of such Trust and to such Trustee of all amounts required to be distributed to them pursuant to the applicable Pass Through Trust Agreement and the disposition of all property held in such Trust. The applicable Trustee will mail to each Certificateholder of such Trust, not earlier than 60 days and not later than 15 days preceding such final distribution, notice of the termination of such Trust, the amount of the proposed final payment, the proposed date for the distribution of such final payment for such Trust and certain other information. The Final Distribution to any Certificateholder of such Trust will be made only upon surrender of such Certificateholder's Certificates at the office or agency of the applicable Trustee specified in such notice of termination. (Basic Agreement, Section 11.01)

In the event that all of the Certificateholders of such Trust do not surrender their Certificates issued by such Trust for cancellation within six months after the date specified in such written notice, the Trustee of such Trust will give a second written notice to the remaining Certificateholders of such Trust to surrender such Certificates for cancellation and receive the final distribution. No additional interest will accrue with respect to such Certificates after the Distribution Date specified in the first written notice. In the event that any money held by the Trustee of such Trust for the payment of distributions on the Certificates issued by such Trust remains unclaimed for two years (or such lesser time as such Trustee shall be satisfied, after sixty days' notice from American, is one month prior to the escheat period provided under applicable law) after the final distribution date with respect thereto, such Trustee will pay to each Loan Trustee the appropriate amount of money relating to such Loan Trustee for distribution as provided in the applicable Indenture, Participation Agreement or certain related documents and will give written notice thereof to American. (Basic Agreement, Section 11.01)

### **The Trustees**

The Trustee of each Trust initially will be Wilmington Trust Company. Each Trustee's address is Wilmington Trust Company, 1100 North Market Street, Wilmington, Delaware 19890-1605, Attention: Corporate Capital Market Services.

With certain exceptions, the Trustees make no representations as to the validity or sufficiency of the Basic Agreement, the Trust Supplements, the Certificates, the Equipment Notes, the Indentures, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Note Purchase Agreement, the Deposit Agreements, the Escrow Agreements or other related documents. (Basic Agreement, Sections 7.04 and 7.15; Trust Supplements, Sections 7.03 and 7.04) The Trustee of any Trust will not be liable to the Certificateholders of such Trust for any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in face amount of outstanding Certificates of such Trust. (Basic Agreement, Section 7.03(h)) Subject to certain provisions, no Trustee will be under any obligation to exercise any of its rights or powers under any Pass Through Trust Agreement at the request of any holders of Certificates issued thereunder unless

S-70



---

**Table of Contents**

there has been offered to such Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by such Trustee in exercising such rights or powers. (Basic Agreement, Section 7.03(e)) Each Pass Through Trust Agreement provides that the applicable Trustee (and any related agent or affiliate in their respective individual or any other capacity) may acquire and hold Certificates issued thereunder and, subject to certain conditions, may otherwise deal with American with the same rights it would have if it were not such Trustee, agent or affiliate. (Basic Agreement, Section 7.05)

**Book-Entry Registration; Delivery and Form*****General***

On the Issuance Date, the Class A Certificates and Class B Certificates will each be represented by one or more fully registered global Certificates (each, a *Global Certificate*) of the applicable class and will be deposited with the related Trustee as custodian for DTC and registered in the name of Cede, as nominee of DTC. Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of Definitive Certificates. The Certificates will not be issuable in bearer form.

***DTC***

DTC has informed American as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants (*DTC Participants*) and facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (*Indirect Participants*).

American expects that, pursuant to procedures established by DTC, (i) upon the issuance of the Global Certificates, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Certificates to the accounts of persons who have accounts with such depository and (ii) ownership of beneficial interests in the Global Certificates will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants). Such accounts initially will be designated by or on behalf of the Underwriters. Ownership of beneficial interests in the Global Certificates will be limited to DTC Participants or persons who hold interests through DTC Participants. The laws of some states require that certain purchasers of securities take physical delivery of such securities. Such limits and such laws may limit the market for beneficial interests in the Global Certificates.

So long as DTC or its nominee is the registered owner or holder of the Global Certificates, DTC or such nominee, as the case may be, will be considered the sole record owner or holder of the Certificates represented by such Global Certificates for all purposes under the Certificates and Pass Through Trust Agreements. All references in this prospectus supplement to actions by the



---

**Table of Contents**

Certificateholders shall refer to actions taken by DTC upon instructions from DTC Participants, and all references to distributions, notices, reports and statements to the Certificateholders will refer, as the case may be, to distributions, notices, reports and statements to DTC or such nominee, as the registered holder of the Certificates. No beneficial owners of an interest in the Global Certificates will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided or under the applicable Pass Through Trust Agreement. Such beneficial owners of an interest in the Global Certificates, and registered owners of a Definitive Certificate, are referred to herein individually as a *Certificate Owner* and collectively as the *Certificate Owners*. DTC has advised American that it will take any action permitted to be taken by a Certificateholder under the applicable Pass Through Trust Agreement only at the direction of one or more DTC Participants to whose accounts with DTC the Global Certificates are credited. Additionally, DTC has advised American that in the event any action requires approval by a certain percentage of the Certificateholders of a particular class, DTC will take such action only at the direction of and on behalf of DTC Participants whose holders include undivided interests that satisfy any such percentage. DTC may take conflicting actions with respect to other undivided interests to the extent that such actions are taken on behalf of DTC Participants whose holders include such undivided interests.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the *DTC Rules*), DTC is required to make book-entry transfers of Certificates among DTC Participants on whose behalf it acts with respect to such Certificates. Certificate Owners of Certificates that are not DTC Participants but that desire to purchase, sell or otherwise transfer ownership of, or other interests in, such Certificates may do so only through DTC Participants. DTC Participants and Indirect Participants with which Certificate Owners have accounts with respect to such Certificates, however, are required to make book-entry transfers on behalf of their respective customers. In addition, under the DTC Rules, DTC is required to receive and transmit to the DTC Participants distributions of principal of, Make-Whole Amount, if any, and interest with respect to the Certificates. Such Certificate Owners thus will receive all distributions of principal, Make-Whole Amount, if any, and interest from the relevant Trustee through DTC Participants or Indirect Participants, as the case may be. Under this book entry system, such Certificate Owners may experience some delay in their receipt of payments because such payments will be forwarded by the relevant Trustee to Cede, as nominee for DTC, and DTC in turn will forward the payments to the appropriate DTC Participants in amounts proportionate to the principal amount of such DTC Participants' respective holdings of beneficial interests in the relevant Certificates, as shown on the records of DTC or its nominee. Distributions by DTC Participants to Indirect Participants or Certificate Owners, as the case may be, will be the responsibility of such DTC Participants.

Unless and until Definitive Certificates are issued under the limited circumstances described herein, the only Certificateholder under each Pass Through Trust Agreement will be Cede, as nominee of DTC. Certificate Owners of Certificates therefore will not be recognized by the Trustees as Certificateholders, as such term is used in the Pass Through Trust Agreements, and such Certificate Owners will be permitted to exercise the rights of Certificateholders only indirectly through DTC and DTC Participants. Conveyance of notices and other communications by DTC to DTC Participants and by DTC Participants to Indirect Participants and to such Certificate Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payments of the principal of, Make-Whole Amount (if any) and interest on the Global Certificates will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Payments, transfers, exchanges and other matters relating to beneficial interests in a Global Certificate may be subject to various policies and procedures adopted by DTC from time to time. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect Participants, the ability of a Certificateholder to pledge its interest to persons or entities that do not participate in the DTC system,



## **Table of Contents**

or to otherwise act with respect to such interest, may be limited due to the lack of a physical certificate for such interest.

Neither American nor the Trustees, nor any paying agent or registrar with respect to the Certificates, will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for the performance by DTC, any DTC Participant or any Indirect Participant of their respective obligations under the DTC Rules or any other statutory, regulatory, contractual or customary procedures governing their obligations. (Trust Supplements, Section 4.03(f))

American expects that DTC or its nominee, upon receipt of any payment of principal, Make-Whole Amount (if any) or interest in respect of the Global Certificates, will credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial ownership interests in the face amount of such Global Certificates, as shown on the records of DTC or its nominee. American also expects that payments by DTC Participants to owners of beneficial interests in such Global Certificates held through such DTC Participants will be governed by the standing instructions and customary practices of such DTC Participants. Such payments will be the responsibility of such DTC Participants.

Although DTC is expected to follow the foregoing procedures in order to facilitate transfers in a Global Certificate among participants of DTC, it is under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

### ***Same-Day Settlement***

As long as Certificates are registered in the name of DTC or its nominee, all payments made by American to the Loan Trustee under any Indenture will be in immediately available funds. Such payments, including the final distribution of principal with respect to the Certificates, will be passed through to DTC in immediately available funds.

Any Certificates registered in the name of DTC or its nominee will trade in DTC's Same Day Funds Settlement System until maturity, and secondary market trading activity in the Certificates will therefore be required by DTC to settle in immediately available funds. No assurance can be given as the effect, if any, of settlement in same day funds on trading activity in the Certificates.

### ***Definitive Certificates***

Interests in Global Certificates will be exchangeable or transferable, as the case may be, for certificates in definitive, physical registered form ( *Definitive Certificates* ) only if (i) DTC advises the applicable Trustee in writing that DTC is no longer willing or able to discharge properly its responsibilities as depository with respect to such Certificates and a successor depository is not appointed by such Trustee within 90 days of such notice, (ii) American, at its option, elects to terminate the book-entry system through DTC or (iii) after the occurrence of an Indenture Event of Default, Certificateholders with fractional undivided interests aggregating not less than a majority in interest in a Trust advise the applicable Trustee, American and DTC through DTC Participants in writing that the continuation of a book-entry system through DTC (or a successor thereto) is no longer in such Certificateholders' best interest. Neither American nor any Trustee will be liable if American or such Trustee is unable to locate a qualified successor clearing system. (Trust Supplements, Section 4.03(b))

In connection with the occurrence of any event described in the immediately preceding paragraph, the Global Certificates will be deemed surrendered, and the Trustees will execute,

S-73

**Table of Contents**

authenticate and deliver to each Certificate Owner of such Global Certificates in exchange for such Certificate Owner's beneficial interest in such Global Certificates, an equal aggregate principal amount of Definitive Certificates of authorized denominations, in each case as such Certificate Owner and related aggregate principal amount have been identified and otherwise set forth (together with such other information as may be required for the registration of such Definitive Certificates) in registration instructions that shall have been delivered by or on behalf of DTC to the Class A Trustee. (Trust Supplements, Section 4.03(d)) American, the Trustees and each registrar and paying agent with respect to the Certificates (i) shall not be liable for any delay in delivery of such registration instructions, and (ii) may conclusively rely on, and shall be protected in relying on, such registration instructions. (Trust Supplements, Section 4.03(f))

Distribution of principal, Make-Whole Amount (if any) and interest with respect to Definitive Certificates will thereafter be made by the applicable Trustee in accordance with the procedures set forth in the applicable Pass Through Trust Agreement directly to holders in whose names the Definitive Certificates were registered at the close of business on the applicable record date. Such distributions will be made by check mailed to the address of such holder as it appears on the register maintained by the applicable Trustee. The final payment on any such Definitive Certificate, however, will be made only upon presentation and surrender of the applicable Definitive Certificate at the office or agency specified in the notice of final distribution to the applicable Certificateholders.

Definitive Certificates issued in exchange for Global Certificates will be transferable and exchangeable at the office of the applicable Trustee upon compliance with the requirements set forth in the applicable Pass Through Trust Agreement. Except to the extent otherwise provided in the applicable Trust Supplement, no service charge will be imposed for any registration of transfer or exchange, but payment of a sum sufficient to cover any tax or other governmental charge will be required. The Certificates are registered instruments, title to which passes upon registration of the transfer of the books of the applicable Trustee in accordance with the terms of the applicable Pass Through Trust Agreement. (Basic Agreement, Section 3.04)

---

**Table of Contents****DESCRIPTION OF THE DEPOSIT AGREEMENTS**

The following summary describes certain material terms of the Deposit Agreements, as well as certain related provisions of the Escrow Agreements and the Note Purchase Agreement. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Deposit Agreements and the related provisions of the Escrow Agreements and the Note Purchase Agreement, copies of which will be filed as exhibits to a Current Report on Form 8-K to be filed by American with the SEC. The provisions of the Deposit Agreements are substantially identical except as otherwise indicated.

**General**

Under the Escrow Agreements, the Escrow Agent with respect to each Trust will enter into a separate Deposit Agreement with the Depository (each, a *Deposit Agreement* ). (Escrow Agreements, Section 1.02(a)) Pursuant to the Deposit Agreements, the Depository will establish separate accounts into which the proceeds of the offering attributable to Certificates of the applicable Trust will be deposited (each, a *Deposit* and, collectively, the *Deposits* ) on behalf of the Escrow Agent for the applicable Trust. (Deposit Agreements, Section 2.1) For each Trust, there will be a separate Deposit for each Aircraft that is to be financed in this offering. Pursuant to the Deposit Agreements, except as described below under Other Withdrawals and Return of Deposits, on each Regular Distribution Date, the Depository under each Deposit Agreement will pay to the Paying Agent on behalf of the Escrow Agent, for distribution to the applicable Certificateholders, an amount equal to the interest accrued on the Deposits during the relevant interest period at a rate per annum equal to the interest rate applicable to Certificates issued by the applicable Trust. (Deposit Agreements, Section 2.2) The Deposits and interest paid thereon will not be subject to the subordination provisions of the Intercreditor Agreement and will not be available to pay any other amount in respect of the Certificates.

**Withdrawal of Deposits to Purchase Equipment Notes**

Upon the financing of an Aircraft under the related Indenture prior to the Delivery Period Termination Date, the Trustee of each Trust will request the Escrow Agent relating to such Trust to withdraw from the Deposits relating to such Trust funds sufficient to enable the Trustee of such Trust to purchase the Equipment Notes of the series applicable to such Trust issued with respect to such Aircraft. (Note Purchase Agreement, Sections 1(b) and 1(d); Escrow Agreements, Section 1.02(c)) Any portion of any Deposit so withdrawn that is not used to purchase such Equipment Notes will be re-deposited by the Escrow Agent or each Trustee on behalf of the Escrow Agent into a new account with the Depository (each such deposit, also a *Deposit* ). (Deposit Agreements, Section 2.4; Escrow Agreements, Section 1.06) Except as described below under Other Withdrawals and Return of Deposits, the Depository will pay accrued but unpaid interest on all Deposits withdrawn to purchase Equipment Notes on the next Regular Distribution Date to the Paying Agent, on behalf of the applicable Escrow Agent, for distribution to the Certificateholders. (Deposit Agreements, Sections 2.2 and 4; Escrow Agreements, Section 2.03(a))

**Other Withdrawals and Return of Deposits**

The Trustees' obligations to purchase Equipment Notes to be issued with respect to each Aircraft are subject to satisfaction of certain conditions at the time of the financing of such Aircraft under the related Indenture, as set forth in the Note Purchase Agreement and the related Participation Agreement. See Description of the Certificates' Obligation to Purchase Equipment Notes. Since such Aircraft are expected to be subjected to the financing of this offering from time to time prior to the





**Table of Contents**

Delivery Period Termination Date, no assurance can be given that all such conditions will be satisfied with respect to each such Aircraft prior to the Delivery Period Termination Date. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be withdrawn by the Escrow Agent and distributed by the Paying Agent, with accrued and unpaid interest thereon, but without any premium, to the Certificateholders of such Trust on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution. If the day scheduled for such withdrawal is within 10 days before or after a Regular Distribution Date, the Escrow Agent will request that such withdrawal be made on such Regular Distribution Date. Moreover, in certain circumstances, any funds held as Deposits will be returned by the Depository to the Paying Agent automatically on the Outside Termination Date, and the Paying Agent will distribute such funds to the applicable Certificateholders as promptly as practicable thereafter. The obligation to purchase Equipment Notes to be issued with respect to any Aircraft not yet financed pursuant to this offering will terminate on the Delivery Period Termination Date. (Deposit Agreements, Sections 2.3(b)(i) and 4; Escrow Agreements, Sections 1.02(f) and 2.03(b); Note Purchase Agreement, Section 2)

If a Delivery Period Event of Loss (or an event that would constitute such a Delivery Period Event of Loss but for the requirement that notice be given or time elapse or both) occurs with respect to an Aircraft before such Aircraft is financed pursuant to this offering, American will give notice of such event to each Trustee and such Trustee will submit a withdrawal certificate to the applicable Escrow Agent, and any funds in any Deposit with respect to such Aircraft will be withdrawn by such Escrow Agent and distributed by the related Paying Agent, with accrued and unpaid interest thereon, but without any premium, to the Certificateholders of the related Trust on a date not earlier than 15 days after such Paying Agent has received notice of the event requiring such distribution. (Note Purchase Agreement, Section 1(k); Deposit Agreements, Section 2.3(b)(iii); Escrow Agreements, Sections 2.03(b) and 2.07) Once American delivers a notice described in the preceding sentence, the Trustees will have no obligation to purchase Equipment Notes with respect to such Aircraft. (Note Purchase Agreement, Section 2(c))

*Delivery Period Event of Loss* means, with respect to an Aircraft prior to being financed pursuant to this offering, one of several events that would constitute an Event of Loss of an Aircraft if such Aircraft were financed under the Indentures.

If a Triggering Event occurs prior to the Delivery Period Termination Date, any funds remaining in Deposits will be withdrawn by the Escrow Agent for the applicable Trust and distributed by the Paying Agent for such Trust, with accrued and unpaid interest thereon, but without any premium, to the Certificateholders of such Trust on a date no earlier than 15 days after the Paying Agent has received notice of such Triggering Event, but, if the day scheduled for such withdrawal is within 10 days before or after a Regular Distribution Date, such Escrow Agent will request such withdrawal be made on such Regular Distribution Date. (Escrow Agreements, Section 1.02(f)) The obligation to purchase the Equipment Notes to be issued with respect to any Aircraft not yet financed pursuant to this offering will terminate on the date such Triggering Event occurs. (Deposit Agreements, Section 2.3(b)(i); Escrow Agreements, Sections 2.03(b) and 2.06; Note Purchase Agreement, Section 2)

**Replacement of Depository**

If the Depository is downgraded by any Rating Agency such that the Depository does not have a Long-Term Rating from such Rating Agency that is equal to or higher than the applicable Depository Threshold Rating for such Rating Agency, then American must, within 30 days of the occurrence of such event, replace the Depository with a new depository bank meeting the requirements set forth

below (the *Replacement Depository* ). (Note Purchase Agreement, Section 5(a))

S-76

**Table of Contents**

*Long-Term Rating* means, for any entity: (a) in the case of Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ( *Standard & Poor's* ), the long-term issuer credit rating of such entity and (b) in the case of Fitch Ratings, Inc. ( *Fitch* and, together with Standard & Poor's, the *Rating Agencies* ), the long-term issuer default rating of such entity. (Intercreditor Agreement, Section 1.01)

*Depository Threshold Rating* means: (i) in the case of Standard & Poor's, a Long-Term Rating of A- and (ii) in the case of Fitch, a Long-Term Rating of A-.

Any Replacement Depository may either be (a) one that meets the Depository Threshold Rating or (b) one that does not meet the Depository Threshold Rating, so long as, in the case of either of the immediately preceding clauses (a) and (b), American shall have received a written confirmation from each Rating Agency to the effect that the replacement of the Depository with the Replacement Depository will not result in a withdrawal, suspension or reduction of the ratings for each class of Certificates rated by such Rating Agency below the then current rating for such Certificates (before the downgrading of such rating as a result of the downgrading of the Depository below the applicable Depository Threshold Rating). (Note Purchase Agreement, Section 5(c)(i))

At any time during the period prior to the Delivery Period Termination Date (including after the occurrence of a downgrade event described above), American may replace the Depository with a Replacement Depository. (Note Purchase Agreement, Section 5(a)) There can be no assurance that at the time of a downgrade event described above, there will be an institution willing to replace the downgraded Depository or that each Rating Agency will provide the ratings confirmation described in the immediately preceding paragraph.

Upon satisfaction of the conditions for replacement of the Depository with a Replacement Depository set forth in the Note Purchase Agreement, the Escrow Agent for each Trust will request, upon at least 5 Business Days' notice, the following withdrawals:

with respect to all Deposits of such Trust then held by the Depository being replaced, withdrawal of (1) the entire amount of such Deposits together with (2) all accrued and unpaid interest on such Deposits to but excluding the date of such withdrawal, which funds will be paid by the Depository being replaced over to such Replacement Depository; and

with respect to all Deposits of such Trust, if any, previously withdrawn in connection with the purchase of the related Equipment Notes, as described in Withdrawal of Deposits to Purchase Equipment Notes, withdrawal of all accrued and unpaid interest on such Deposits to but excluding the date of the applicable withdrawal in connection with the purchase of such Equipment Notes, which funds will be paid by the Depository being replaced to the Paying Agent Account of such Trust and, upon the confirmation by the Paying Agent of receipt in such Paying Agent Account of such amounts, the Paying Agent will distribute such amounts to the Certificateholders of such Trust on the immediately succeeding Regular Distribution Date and, until such Regular Distribution Date, the amounts will be held in such Paying Agent Account. (Note Purchase Agreement, Section 5(d); Escrow Agreements, Sections 1.02(d) and 2.03(c))

**Limitation on Damages**

The Deposit Agreements provide that in no event shall the Depository be responsible or liable for special, indirect, punitive, or consequential loss or damage of any kind whatsoever (including, but not

S-77

**Table of Contents**

limited to, loss of profit, whether or not foreseeable) suffered by the Escrow Agent of each Trust or any of the Receiptholders in connection with the Deposit Agreements or the transactions contemplated or any relationships established by the Deposit Agreements irrespective of whether the Depositary has been advised of the likelihood of such loss or damage and regardless of the form of action. (Deposit Agreements, Section 16)

**Depositary**

Crédit Agricole Corporate and Investment Bank ( *Credit Agricole CIB* ), acting through its New York Branch, will act as the depositary (the *Depositary* ).

Credit Agricole CIB specializes in capital markets, investment banking and financing activities. Credit Agricole CIB had over 572 billion euros in assets and over 15 billion euros total equity capital, both as of June 30, 2014.

Credit Agricole CIB is a limited liability company incorporated in France as a *société anonyme* and established under the laws of France. The New York Branch of Credit Agricole CIB is licensed by the New York State Department of Financial Services. Credit Agricole CIB is 97.33% owned by Crédit Agricole S.A. The shares of Crédit Agricole S.A. have been listed on the French Stock Exchange since December 14, 2001.

Credit Agricole CIB's long-term unsecured debt is rated A by Fitch, A by Standard & Poor's and A2 by Moody's, and Credit Agricole CIB's short-term unsecured debt is rated F1 by Fitch, A-1 by Standard & Poor's and Prime-1 by Moody's.

Credit Agricole CIB's registered office is located at 9, quai du President Paul Doumer, 92920 Paris La Defense Cedex, France. Credit Agricole CIB's most recent Document de Reference (which is translated to English) and its most recently audited annual consolidated financial statements and unaudited interim consolidated financial statements are available on the following website: <http://www.ca-cib.com>. The information and financial statements contained on this website are not part of this Prospectus Supplement and are not incorporated by reference herein.

---

**Table of Contents****DESCRIPTION OF THE ESCROW AGREEMENTS**

The following summary describes certain material terms of the escrow and paying agent agreements (the *Escrow Agreements* ), as well as certain related provisions of the Deposit Agreements and the Note Purchase Agreement. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Escrow Agreements and the related provisions of the Deposit Agreements and the Note Purchase Agreement, copies of which will be filed as exhibits to a Current Report on Form 8-K to be filed by American with the SEC. The provisions of the Escrow Agreements are substantially identical except as otherwise indicated.

**General**

Wilmington Trust, National Association, as escrow agent in respect of each Trust (the *Escrow Agent* ), Wilmington Trust Company, as paying agent on behalf of the Escrow Agent in respect of each Trust (the *Paying Agent* ), each Trustee and the Underwriters will enter into a separate Escrow Agreement for the benefit of the Certificateholders of each Trust as holders of the Escrow Receipts affixed thereto (in such capacity, a *Receiptholder* ). The cash proceeds of the offering of the Certificates of each Trust will be deposited on behalf of the Escrow Agent (for the benefit of the Receiptholders) with the Depository as Deposits relating to such Trust. (Escrow Agreements, Section 1.03; Deposit Agreements, Section 2.1) The Escrow Agent will permit the Trustee of the related Trust to cause funds to be withdrawn from such Deposits to allow such Trustee to purchase the related Equipment Notes pursuant to the Note Purchase Agreement and the related Participation Agreement or in connection with special distributions under certain circumstances as described under *Description of the Deposit Agreements Other Withdrawals and Return of Deposits*. (Escrow Agreements, Section 1.02(c) (f)) In addition, pursuant to the terms of the Deposit Agreements, the Depository agrees to pay accrued interest on the Deposits in accordance with the Deposit Agreements to the Paying Agent for distribution to the Receiptholders. (Deposit Agreements, Section 4)

Each Escrow Agreement requires that the Paying Agent establish and maintain, for the benefit of the Receiptholders of each Trust, the Paying Agent Account for such Trust, which will be non-interest-bearing, and the Paying Agent is under no obligation to invest any amounts held in such Paying Agent Account. (Escrow Agreements, Section 2.02). Pursuant to the Deposit Agreements, the Depository agrees to pay funds released from the related Deposits and accrued interest on the related Deposits directly into such Paying Agent Account, except for amounts withdrawn to purchase any related Equipment Notes as described under *Description of the Deposit Agreements Withdrawal of Deposits to Purchase Equipment Notes* and amounts paid to a Replacement Depository as described under *Description of the Deposit Agreements Replacement of Depository*. (Deposit Agreements, Section 4) The Paying Agent will distribute amounts deposited into the Paying Agent Account for the related Trust to the Certificateholders of such Trust as further described herein. See *Description of the Certificates Payments and Distributions* and *Description of the Deposit Agreements*.

Upon receipt by the Depository of cash proceeds from this offering, the Escrow Agent will issue one or more escrow receipts ( *Escrow Receipts* ) which will be affixed by the related Trustee to each Certificate. Each Escrow Receipt evidences the related Receiptholder's interest in amounts from time to time deposited into the Paying Agent Account and is limited in recourse to amounts deposited into such account. An Escrow Receipt may not be assigned or transferred except in connection with the assignment or transfer of the Certificate to which it is affixed. Each Escrow Receipt will be registered by the Escrow Agent in the same name and manner as the Certificate to which it is affixed. (Escrow Agreements, Sections 1.03 and 1.04) Because the Escrow Receipts will be affixed to the Certificates, distributions to the Receiptholders on the Escrow Receipts are sometimes referred to in this prospectus supplement, for convenience, as distributions to the Certificateholders.





## **Table of Contents**

Each Escrow Agreement provides that each Receiptholder will have the right (individually and without the need for any other action of any person, including the Escrow Agent or any other Receiptholder), upon any default in the payment of interest on the Deposits when due by the Depositary in accordance with the applicable Deposit Agreement, or upon any default in the payment of any final withdrawal, replacement withdrawal or event of loss withdrawal when due by the Depositary in accordance with the terms of the applicable Deposit Agreement and Escrow Agreement, to proceed directly against the Depositary by making a demand to the Depositary for the portion of such payment that would have been distributed to such Receiptholder pursuant to such Escrow Agreement or by bringing suit to enforce payment of such portion. The Escrow Agent will notify Receiptholders in the event of a default in any such payment and will promptly forward to Receiptholders upon receipt copies of all written communications relating to any payments due to the Receiptholders in respect of the Deposits. (Escrow Agreements, Sections 9 and 16)

### **Certain Modifications of the Escrow Agreements and Note Purchase Agreement**

The Note Purchase Agreement contains provisions requiring the Trustees, the Escrow Agent and the Paying Agent, at American's request, to enter into amendments to, among other agreements, the Escrow Agreements and the Note Purchase Agreement as may be necessary or desirable:

if any Additional Equipment Notes are to be issued or Series B Equipment Notes or any Additional Equipment Notes are to be redeemed and new equipment notes with the same series designation as that of the redeemed Equipment Notes are to be issued, to give effect to such issuance of Additional Equipment Notes or redemption and issuance of Series B Equipment Notes or any Additional Equipment Notes and the issuance of pass through certificates by any pass through trust that acquires any such new equipment notes or Additional Equipment Notes, as applicable, and to make related changes (including to provide for any prefunding mechanism) and to provide for credit support (including a liquidity facility) for any such pass through certificates; and

if the Depositary is to be replaced, to give effect to the replacement of the Depositary with the Replacement Depositary and the replacement of the Deposit Agreements with replacement deposit agreements. (Note Purchase Agreement, Sections 4(a)(v) and 5(e))

In each case described immediately above, no requests (other than American's request) or consents (including no consent of any Certificateholder) will be required for such amendments.

Each Escrow Agreement contains provisions requiring the Escrow Agent and the Paying Agent, upon request of the related Trustee and without any consent of the Certificateholders, to enter into an amendment to the Escrow Agreements or the Note Purchase Agreement, among other things, for the following purposes:

to correct or supplement any provision in the Escrow Agreements or the Note Purchase Agreement which may be defective or inconsistent with any other provision in the Escrow Agreements or the Note Purchase Agreement or to cure any ambiguity or correct any mistake;

to modify any other provision with respect to matters or questions arising under the Escrow Agreements or the Note Purchase Agreement; *provided* that any such action will not materially adversely affect the Certificateholders;

to comply with any requirement of the SEC, applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed or any regulatory body;

to evidence and provide for the acceptance of appointment under the Escrow Agreements or the Note Purchase Agreement of a successor Escrow Agent, successor Paying Agent or successor Trustee; or

S-80

**Table of Contents**

for any purposes described in the first fifteen bullet points of the first paragraph under Description of the Certificates Modification of the Pass Through Trust Agreements and Certain Other Agreements. (Escrow Agreements, Section 8)

**The Escrow Agent**

Wilmington Trust, National Association will be the Escrow Agent under each Escrow Agreement. The Escrow Agent's address is Wilmington Trust, National Association, 1100 North Market Street, Wilmington, Delaware 19890-1605, Attention: Corporate Capital Market Services.

**The Paying Agent**

Wilmington Trust Company will be the Paying Agent under each Escrow Agreement. The Paying Agent's address is Wilmington Trust Company, 1100 North Market Street, Wilmington, Delaware 19890-1605, Attention: Corporate Capital Market Services.

S-81

**Table of Contents****DESCRIPTION OF THE LIQUIDITY FACILITIES**

The following summary describes certain material terms of the Liquidity Facilities and certain provisions of the Intercreditor Agreement relating to the Liquidity Facilities. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Liquidity Facilities and the Intercreditor Agreement, copies of which will be filed as exhibits to a Current Report on Form 8-K to be filed by American with the SEC. The provisions of the Liquidity Facilities are substantially identical except as otherwise indicated.

**General**

The liquidity provider for each of the Class A Trust and Class B Trust (each, a *Liquidity Provider* ) will enter into a separate revolving credit agreement (each, a *Liquidity Facility* ) with the Subordination Agent with respect to each of the Class A Trust and Class B Trust. Under each Liquidity Facility, the related Liquidity Provider will be required, if necessary, to make one or more advances ( *Interest Drawings* ) to the Subordination Agent in an aggregate amount sufficient to pay interest on the Pool Balance of the related class of Certificates on up to three successive semiannual Regular Distribution Dates (without regard to any expected future payments of principal on such Certificates) at the Stated Interest Rate for such Certificates. If interest payment defaults occur which exceed the amount covered by and available under the Liquidity Facility for the Class A or Class B Trust, the Certificateholders of such Trust will bear their allocable share of the deficiencies to the extent that there are no other sources of funds. The initial Liquidity Provider with respect to each of the Class A Trust and Class B Trust may be replaced by one or more other entities with respect to any of such Trusts under certain circumstances. Therefore, the Liquidity Provider for each Trust may differ.

**Drawings**

The aggregate amount available under the Liquidity Facility for each applicable Trust at April 1, 2015 (the first Regular Distribution Date that occurs after the Outside Termination Date), assuming that all Aircraft have been financed and that all interest and principal due on or prior to such Regular Distribution Date is paid, will be:

<b>Trust</b>	<b>Available Amount</b>
Class A	\$
Class B	\$

Except as otherwise provided below, the Liquidity Facility for each Trust will enable the Subordination Agent to make Interest Drawings thereunder on any Regular Distribution Date in order to make interest distributions then scheduled for the Certificates of such Trust at the Stated Interest Rate for such Trust to the extent that the amount, if any, available to the Subordination Agent on such Regular Distribution Date is not sufficient to pay such interest. The maximum amount available to be drawn under the Liquidity Facility with respect to any Trust on any Regular Distribution Date to fund any shortfall of interest on Certificates of such Trust will not exceed the then Maximum Available Commitment under such Liquidity Facility. The *Maximum Available Commitment* at any time under each Liquidity Facility is an amount equal to the then Maximum Commitment of such Liquidity Facility less the aggregate amount of each Interest Drawing outstanding under such Liquidity Facility at such time; *provided that*, following a Downgrade Drawing, a Special Termination Drawing, a Final Drawing or a Non-Extension Drawing under Liquidity Facility, the Maximum Available Commitment under such Liquidity Facility shall be zero.



---

**Table of Contents**

*Maximum Commitment* means for the Liquidity Facility for the Class A Trust and the Class B Trust initially \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively, as the same may be reduced from time to time as described below.

*Required Amount* means, with respect to each Liquidity Facility or the Cash Collateral Account for any class of Certificates, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the related class of Certificates on the basis of a 360-day year comprised of twelve 30-day months, that would be distributable on such class of Certificates on each of the three successive Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the two succeeding Regular Distribution Dates, in each case, calculated on the basis of the Pool Balance of such class of Certificates on such day and without regard to expected future distributions of principal on such class of Certificates.

The Liquidity Facility for any applicable class of Certificates does not provide for drawings thereunder to pay for principal of, or Make-Whole Amount on, the Certificates of such class or any interest with respect to the Certificates of such class in excess of the Stated Interest Rate for such Certificates or for more than three semiannual installments of interest or to pay principal of, or interest on, or Make-Whole Amount with respect to, the Certificates of any other class. (Liquidity Facilities, Section 2.02; Intercreditor Agreement, Section 3.05) In addition, the Liquidity Facility with respect to each Trust does not provide for drawings thereunder to pay any amounts payable with respect to the Deposits relating to such Trust.

Each payment by a Liquidity Provider for a Trust will reduce by the same amount the Maximum Available Commitment under the related Liquidity Facility, subject to reinstatement as hereinafter described. With respect to any Interest Drawings, upon reimbursement of the applicable Liquidity Provider in full or in part for the amount of such Interest Drawings plus accrued interest thereon, the Maximum Available Commitment under the applicable Liquidity Facility will be reinstated by the amount reimbursed but not to exceed the then Required Amount of the applicable Liquidity Facility; *provided, however*, that the Maximum Available Commitment of such Liquidity Facility will not be so reinstated at any time if (i) a Liquidity Event of Default has occurred and is continuing and less than 65% of the then aggregate outstanding principal amount of all Equipment Notes (other than Additional Equipment Notes, if any) are Performing Equipment Notes or (ii) a Final Drawing, Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing shall have occurred with respect to such Liquidity Facility. With respect to any other drawings under such Liquidity Facility, amounts available to be drawn thereunder are not subject to reinstatement. (Liquidity Facilities, Section 2.02(a); Intercreditor Agreement, Section 3.05(g)) On each date on which the Pool Balance for a Trust shall have been reduced, the Maximum Commitment of the Liquidity Facility for such Trust will be automatically reduced to an amount equal to the then Required Amount. (Liquidity Facilities, Section 2.04; Intercreditor Agreement, Section 3.05(j))

*Performing Equipment Note* means an Equipment Note issued pursuant to an Indenture with respect to which no payment default has occurred and is continuing (without giving effect to any acceleration); *provided that*, in the event of a bankruptcy proceeding in which American is a debtor under the Bankruptcy Code, (i) any payment default occurring before the date of the order for relief in such proceedings shall not be taken into consideration during the 60-day period under Section 1110(a)(2)(A) of the Bankruptcy Code (or such longer period as may apply under Section 1110(b) of the Bankruptcy Code) (the *Section 1110 Period*), (ii) any payment default occurring after the date of the order for relief in such proceeding will not be taken into consideration if such payment default is cured under Section 1110(a)(2)(B) of the Bankruptcy Code before the later of 30 days after the date of such default or the expiration of the Section 1110 Period and (iii) any payment default occurring after the Section 1110 Period will not be taken into consideration if such payment



**Table of Contents**

default is cured before the end of the grace period, if any, set forth in the related Indenture. (Intercreditor Agreement, Section 1.01)

**Replacement of Liquidity Facilities**

If at any time a Liquidity Provider is downgraded, or any applicable rating of a Liquidity Provider is suspended or withdrawn, by any Rating Agency such that after such downgrading, suspension or withdrawal such Liquidity Provider does not have the minimum Long-Term Rating specified for such Rating Agency in the definition of Liquidity Threshold Rating as the applicable Liquidity Threshold Rating for such Rating Agency (any such downgrading, suspension or withdrawal, a *Downgrade Event*), then such Liquidity Facility may be replaced with a Replacement Facility. If such Liquidity Facility is not so replaced with a Replacement Facility within 35 days of the occurrence of such Downgrade Event (or, if earlier, the expiration date of such Liquidity Facility), the Subordination Agent will draw the then Maximum Available Commitment under such Liquidity Facility (the *Downgrade Drawing*), unless no later than 35 days after the occurrence of such Downgrade Event (or, if earlier, the expiration date of such Liquidity Facility), the Rating Agency (whose downgrading, suspension or withdrawal of such Liquidity Provider resulted in the occurrence of such Downgrade Event) provides a written confirmation to the effect that such downgrading, suspension or withdrawal will not result in a downgrading, withdrawal or suspension of the ratings by such Rating Agency of the related class of Certificates. The Subordination Agent will deposit the proceeds of any Downgrade Drawing into a cash collateral account (the *Cash Collateral Account*) for the applicable class of Certificates and will use these proceeds for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under such Liquidity Facility would be used. For the avoidance of doubt, the foregoing requirements shall apply to each occurrence of a Downgrade Event with respect to a Liquidity Provider, regardless of whether or not one or more Downgrade Events have occurred prior thereto and whether or not any confirmation by a Rating Agency specified in the foregoing requirements has been obtained with respect to any prior occurrence of a Downgrade Event. (Liquidity Facilities, Section 2.02(b)(ii); Intercreditor Agreement, Sections 3.05(c) and (f))

*Liquidity Threshold Rating* means: (i) in the case of Standard & Poor's, a Long-Term Rating of BBB+ and (ii) in the case of Fitch, a Long-Term Rating of BBB. (Intercreditor Agreement, Section 1.01)

A *Replacement Facility* for any Liquidity Facility will mean an irrevocable revolving credit agreement (or agreements) in substantially the form of the replaced Liquidity Facility, including reinstatement provisions, or in such other form (which may include a letter of credit, surety bond, financial insurance policy or guaranty) as will permit the Rating Agencies to confirm in writing their respective ratings then in effect for the Certificates with respect to which such Liquidity Facility was issued (before downgrading of such ratings, if any, as a result of the downgrading of the related Liquidity Provider), in a face amount (or in an aggregate face amount) equal to the amount sufficient to pay interest on the Pool Balance of the Certificates of the applicable Trust (at the Stated Interest Rate for such Certificates, and without regard to expected future principal distributions) on the three successive semiannual Regular Distribution Dates following the date of replacement of such Liquidity Facility (or, if such date of replacement is a Regular Distribution Date, on such date of replacement and the two succeeding Regular Distribution Dates) and issued by an entity (or entities) having the minimum Long-Term Rating from each Rating Agency designated in the definition of Liquidity Threshold Rating as the applicable Liquidity Threshold Rating for such Rating Agency. (Intercreditor Agreement, Section 1.01) The provider of any Replacement Facility will have the same rights (including, without limitation, priority distribution rights and rights as Controlling Party) under the Intercreditor Agreement as the replaced Liquidity Provider. (Intercreditor Agreement, Section 3.05(e))





---

**Table of Contents**

The Liquidity Facility for each of the Class A Trust and Class B Trust provides that the applicable Liquidity Provider's obligations thereunder will expire on the earliest of:

the earlier of (a) the anniversary of the Issuance Date immediately following the date on which the applicable Liquidity Provider has provided a Non-Extension Notice and (b) the 15<sup>th</sup> day after the Final Legal Distribution Date of the applicable Certificates;

the date on which the Subordination Agent delivers to such Liquidity Provider a certification that all of the Certificates of such Trust have been paid in full or provision has been made for such payment;

the date on which the Subordination Agent delivers to such Liquidity Provider a certification that a Replacement Facility has been substituted for such Liquidity Facility;

the fifth Business Day following receipt by the Subordination Agent of a Termination Notice from such Liquidity Provider (see Liquidity Events of Default ); and

the date on which no amount is or may (including by reason of reinstatement) become available for drawing under such Liquidity Facility. (Liquidity Facilities, Section 1.01)

Each Liquidity Facility provides that, in the event that before the 25th day prior to any anniversary of the Issuance Date that is prior to the 15th day after the Final Legal Distribution Date of the applicable Certificates, the related Liquidity Provider shall have notified the Subordination Agent that such Liquidity Facility will not be extended beyond the immediately following anniversary date of the Issuance Date (the *Non-Extension Notice* ) and such Liquidity Facility is not replaced by such 25th day, the Subordination Agent shall request a drawing in full up to the then Maximum Available Commitment under such Liquidity Facility (the *Non-Extension Drawing* ). (Liquidity Facilities, Sections 2.02(b)(i) and 2.10)

Subject to certain limitations, American may, at its option, arrange for a Replacement Facility at any time to replace the Liquidity Facility for any Trust (including without limitation any Replacement Facility described in the following sentence); *provided* that, if the initial Liquidity Provider is replaced, it shall be replaced with respect to all Liquidity Facilities under which it is the Liquidity Provider. (Intercreditor Agreement, Section 3.05) In addition, if a Liquidity Provider shall determine not to extend a Liquidity Facility, then such Liquidity Provider may, at its option, arrange for a Replacement Facility to replace such Liquidity Facility (i) during the period no earlier than 40 days and no later than 25 days prior to the then scheduled expiration date of such Liquidity Facility and (ii) at any time after a Non-Extension Drawing has been made under such Liquidity Facility. (Liquidity Facilities, Section 2.02(b)(i)) A Liquidity Provider may also arrange for a Replacement Facility to replace the related Liquidity Facility at any time after a Downgrade Drawing under such Liquidity Facility. (Intercreditor Agreement, Section 2.02(b)(ii)) If any Replacement Facility is provided at any time after a Downgrade Drawing, a Non-Extension Drawing or Special Termination Drawing under any Liquidity Facility, the funds with respect to such Liquidity Facility on deposit in the Cash Collateral Account for such Trust will be returned to the Liquidity Provider being replaced. (Intercreditor Agreement, Section 3.05(e))

Upon receipt by the Subordination Agent of a Termination Notice with respect to any Liquidity Facility from the relevant Liquidity Provider as described below under Liquidity Events of Default, the Subordination Agent shall request a final drawing (a *Final Drawing* ) or a special termination drawing (the *Special Termination Drawing* ), as applicable, under such Liquidity Facility in an amount equal to the then Maximum Available Commitment thereunder. The Subordination Agent will deposit

S-85

**Table of Contents**

the proceeds of the Final Drawing or the Special Termination Drawing into the Cash Collateral Account for the related Certificates and will use these proceeds for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Sections 2.02(c) and 2.02(d); Intercreditor Agreement, Sections 3.05(i) and 3.05(k))

Drawings under any Liquidity Facility will be made by delivery by the Subordination Agent of a certificate in the form required by such Liquidity Facility. Upon receipt of such a certificate, the relevant Liquidity Provider is obligated to make payment of the drawing requested thereby in immediately available funds. Upon payment by the relevant Liquidity Provider of the amount specified in any drawing under any Liquidity Facility, such Liquidity Provider will be fully discharged of its obligations under such Liquidity Facility with respect to such drawing and will not thereafter be obligated to make any further payments under such Liquidity Facility in respect of such drawing to the Subordination Agent or any other person. (Liquidity Facilities, Section 2.02(a))

**Reimbursement of Drawings**

The Subordination Agent must reimburse amounts drawn under any Liquidity Facility by reason of an Interest Drawing, Special Termination Drawing, Final Drawing, Downgrade Drawing or Non-Extension Drawing and pay interest thereon, but only to the extent that the Subordination Agent has funds available therefor. (Liquidity Facilities, Section 2.09) See Description of the Intercreditor Agreement Priority of Distributions.

***Interest Drawings and Final Drawings***

Amounts drawn by reason of an Interest Drawing or Final Drawing (each, a *Drawing*) will be immediately due and payable, together with interest on the amount of such drawing. From the date of such drawing to (but excluding) the third business day following the applicable Liquidity Provider's receipt of the notice of such Interest Drawing, interest will accrue at the Base Rate plus 3.75% per annum. Thereafter, interest will accrue at Libor for the applicable interest period plus 3.75% per annum. (Liquidity Facilities, Section 3.07)

*Base Rate* means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for each day of the period for which the Base Rate is to be determined (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the applicable Liquidity Provider from three Federal funds brokers of recognized standing selected by it (and reasonably satisfactory to American) plus one quarter of one percent (0.25%). (Liquidity Facilities, Section 1.01)

*Libor* means, with respect to any interest period, the rate per annum at which U.S. dollars are offered in the London interbank market as shown on Reuters Screen LIBOR01 (or any successor thereto) at approximately 11:00 A.M. (London time) two Business Days before the first day of such interest period, for a period comparable to such interest period, or if such rate is not available, a rate per annum determined by certain alternative methods. (Liquidity Facilities, Section 1.01)

If at any time, a Liquidity Provider shall have determined (which determination shall be conclusive and binding upon the Subordination Agent, absent manifest error) that, by reason of circumstances affecting the relevant interbank lending market generally, the Libor rate determined or to be determined



**Table of Contents**

for such interest period will not adequately and fairly reflect the cost to such Liquidity Provider (as conclusively certified by such Liquidity Provider, absent manifest error) of making or maintaining advances, such Liquidity Provider shall give facsimile or telephonic notice thereof (a *Rate Determination Notice* ) to the Subordination Agent. If such notice is given, then the outstanding principal amount of the Libor advances under the related Liquidity Facility shall be converted to Base Rate advances thereunder effective from the date of the Rate Determination Notice; *provided* that the rate then applicable in respect of such Base Rate advances shall be increased by one percent (1.00%). Each Liquidity Provider shall withdraw a Rate Determination Notice given under the applicable Liquidity Facility when such Liquidity Provider determines that the circumstances giving rise to such Rate Determination Notice no longer apply to such Liquidity Provider, and the Base Rate advances shall be converted to Libor advances effective as the first day of the next succeeding interest period after the date of such withdrawal. Each change in the Base Rate shall become effective immediately. (Liquidity Facilities, Section 3.07(g))

***Downgrade Drawings, Special Termination Drawings, Non-Extension Drawings and Final Drawings***

The amount drawn under any Liquidity Facility by reason of a Downgrade Drawing, a Special Termination Drawing, a Non-Extension Drawing or Final Drawing and deposited in a Cash Collateral Account will be treated as follows:

such amount will be released on any Distribution Date to the extent that such amount exceeds the Required Amount, first, to the applicable Liquidity Provider up to the amount of the Liquidity Obligations owed to it, and second, for distribution pursuant to the Intercreditor Agreement;

any portion of such amount withdrawn from the Cash Collateral Account for the applicable Certificates to pay interest distributions on such Certificates will be treated in the same way as Interest Drawings; and

the balance of such amount will be invested in certain specified eligible investments.

Any Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing under any Liquidity Facility, other than any portion thereof applied to the payment of interest distributions on the Certificates, will bear interest, (a) subject to clauses (b) and (c) below, at a rate equal to (i) in the case of a Downgrade Drawing, Libor for the applicable interest period (or, as described in the first paragraph under *Reimbursement Drawings Interest Drawings and Final Drawings*, the Base Rate) plus a specified margin, (ii) in the case of a Special Termination Drawing, Libor for the applicable interest period (or, as described in the first paragraph under *Reimbursement Drawings Interest Drawings and Final Drawings*, the Base Rate) plus a specified margin and (iii) in the case of a Non-Extension Drawing, the investment earnings on the amounts deposited in the Cash Collateral Account on the outstanding amount from time to time of such Non-Extension Drawing plus a specified margin, (b) from and after the date, if any, on which such Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing is converted into a Final Drawing as described below under *Liquidity Events of Default*, at a rate equal to Libor for the applicable interest period (or, as described in the first paragraph under *Reimbursement of Drawings Interest Drawings and Final Drawings*, the Base Rate) plus 3.75% per annum and (c) from and after the date, if any, on which a Special Termination Notice is given and any Downgrade Drawing or Non-Extension Drawing is converted into a Special Termination Drawing as described below under *Liquidity Events of Default* at the rate applicable to Special Termination Drawings as described in clause (a)(ii) above.



---

**Table of Contents**

**Liquidity Events of Default**

Events of default under each Liquidity Facility (each, a *Liquidity Event of Default* ) will consist of:

the acceleration of all of the Equipment Notes (*provided* that, if such acceleration occurs during the period prior to the Delivery Period Termination Date, the aggregate principal amount thereof exceeds \$500 million);  
or

an American Bankruptcy Event. (Liquidity Facilities, Section 1.01)

If (i) any Liquidity Event of Default under any Liquidity Facility has occurred and is continuing and (ii) less than 65% of the aggregate outstanding principal amount of all Equipment Notes (other than Additional Equipment Notes, if any) are Performing Equipment Notes, the applicable Liquidity Provider may, in its discretion, give a notice of termination of such Liquidity Facility (a *Final Termination Notice* ). With respect to any Liquidity Facility, if the Pool Balance of the related class of Certificates is greater than the aggregate outstanding principal amount of the related series of Equipment Notes (other than any such series of Equipment Notes previously sold or with respect to which the Aircraft related to such series of Equipment Notes has been disposed of) at any time during the 18-month period prior to the final expected Regular Distribution Date with respect to such class of Certificates, the Liquidity Provider of such Trust may, in its discretion, give a notice of special termination of such Liquidity Facility (a *Special Termination Notice* and, together with the Final Termination Notice, a *Termination Notice* ). The Termination Notice will have the following consequences:

the related Liquidity Facility will expire on the fifth Business Day after the date on which such Termination Notice is received by the Subordination Agent;

the Subordination Agent will promptly request, and the applicable Liquidity Provider will honor, a Final Drawing or Special Termination Drawing, as applicable, thereunder in an amount equal to the then Maximum Available Commitment thereunder;

in the event that a Final Drawing is made, any Drawing remaining unreimbursed as of the date of termination will be automatically converted into a Final Drawing under such Liquidity Facility;

in the event a Special Termination Notice is given, all amounts owing to the applicable Liquidity Provider will be treated as a Special Termination Drawing for the purposes set forth under Description of the Intercreditor Agreement Priority of Distributions ; and

all amounts owing to the applicable Liquidity Provider will be automatically accelerated. (Liquidity Facilities, Section 6.01)

Notwithstanding the foregoing, the Subordination Agent will be obligated to pay amounts owing to the applicable Liquidity Provider only to the extent of funds available therefor after giving effect to the payments in accordance with



the provisions set forth under Description of the Intercreditor Agreement Priority of Distributions. (Liquidity Facilities, Section 2.09) Upon the circumstances described below under Description of the Intercreditor Agreement Intercreditor Rights, a Liquidity Provider may become the Controlling Party with respect to the exercise of remedies under the Indentures. (Intercreditor Agreement, Section 2.06(c))

### **Liquidity Provider**

The initial Liquidity Provider for each Trust will be Crédit Agricole Corporate and Investment Bank, acting through its New York Branch.

S-88

**Table of Contents**

**DESCRIPTION OF THE INTERCREDITOR AGREEMENT**

The following summary describes certain material provisions of the Intercreditor Agreement (the *Intercreditor Agreement*) to be entered into among the Trustees, the Liquidity Providers and Wilmington Trust Company, as subordination agent (the *Subordination Agent*). The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Intercreditor Agreement, a copy of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by American with the SEC.

**Intercreditor Rights**

***General***

The Equipment Notes relating to each Trust will be issued to, and registered in the name of, the Subordination Agent, as agent and trustee for the related Trustee. (Intercreditor Agreement, Section 2.01(a))

***Controlling Party***

Each Loan Trustee will be directed, so long as no Indenture Event of Default shall have occurred and be continuing under an Indenture and subject to certain limitations described below, in taking, or refraining from taking, any action thereunder or with respect to the Equipment Notes issued under such Indenture, by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued under such Indenture. See *Voting of Equipment Notes* below. For so long as the Subordination Agent is the registered holder of the Equipment Notes, the Subordination Agent will act with respect to the preceding sentence in accordance with the directions of the Trustees for whom the Equipment Notes issued under such Indenture are held as Trust Property, to the extent constituting, in the aggregate, directions with respect to the required principal amount of Equipment Notes.

After the occurrence and during the continuance of an Indenture Event of Default under an Indenture, each Loan Trustee will be directed in taking, or refraining from taking, any action thereunder or with respect to the Equipment Notes issued under such Indenture, including acceleration of such Equipment Notes or foreclosing the lien on the related Aircraft with respect to which such Equipment Note was issued, by the Controlling Party, subject to the limitations described below. See *Description of the Certificates Indenture Events of Default and Certain Rights Upon an Indenture Event of Default* for a description of the rights of the Certificateholders of each Trust to direct the respective Trustees. (Intercreditor Agreement, Section 2.06(a))

The *Controlling Party* will be:

if Final Distributions have not been paid in full to the holders of Class A Certificates, the Class A Trustee;

if Final Distributions have been paid in full to the holders of the Class A Certificates, but not to the holders of the Class B Certificates, the Class B Trustee; and

under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the greatest amount owed to it, as discussed in the next paragraph. (Intercreditor Agreement, Sections 2.06(b) and (c))

At any time after 18 months from the earliest to occur of (x) the date on which the entire available amount under any Liquidity Facility shall have been drawn (excluding a Downgrade Drawing or Non-Extension Drawing (but including a Final Drawing, a Special Termination Drawing or a Downgrade

S-89

---

**Table of Contents**

Drawing or Non-Extension Drawing that has been converted to a Final Drawing under such Liquidity Facility)) and remains unreimbursed, (y) the date on which the entire amount of any Downgrade Drawing or Non-Extension Drawing shall have been withdrawn from the relevant Cash Collateral Account to pay interest on the relevant class of Certificates and remains unreimbursed and (z) the date on which all Equipment Notes under all Indentures shall have been accelerated (*provided* that, (i) if such acceleration occurs prior to the Delivery Period Termination Date, the aggregate principal amount thereof exceeds \$500 million and (ii) in the event of a bankruptcy proceeding in which American is a debtor under the Bankruptcy Code, any amounts payable in respect of Equipment Notes which have become immediately due and payable by declaration or otherwise shall not be deemed accelerated for purposes of this subclause (z) until the expiration of the 60-Day Period or such longer period as may apply under Section 1110(a)(2)(B) or Section 1110(b) of the Bankruptcy Code), the Liquidity Provider with the greatest amount of unreimbursed Liquidity Obligations due to it (so long as such Liquidity Provider has not defaulted in its obligations to make any drawing under any Liquidity Facility) will have the right to elect to become the Controlling Party with respect to any Indenture. (Intercreditor Agreement, Section 2.06(c))

For purposes of giving effect to the rights of the Controlling Party, the Trustees (other than the Controlling Party) will irrevocably agree, and the Certificateholders (other than the Certificateholders represented by the Controlling Party) will be deemed to agree by virtue of their purchase of Certificates, that the Subordination Agent, as record holder of the Equipment Notes, shall exercise its voting rights in respect of the Equipment Notes held by the Subordination Agent as directed by the Controlling Party and any vote so exercised shall be binding upon the Trustees and Certificateholders, subject to certain limitations. For a description of certain limitations on the Controlling Party's rights to exercise remedies, see *Limitation on Exercise of Remedies* and *Description of the Equipment Notes Remedies*. (Intercreditor Agreement, Section 2.06(b))

*Final Distributions* means, with respect to the Certificates of any Trust on any Distribution Date, the sum of (x) the aggregate amount of all accrued and unpaid interest on such Certificates (excluding interest payable on the Deposits relating to such Trust) and (y) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (less the amount of the Deposits for such class of Certificates as of such preceding Distribution Date other than any portion of such Deposits thereafter used to acquire Equipment Notes pursuant to the Note Purchase Agreement). For purposes of calculating Final Distributions with respect to the Certificates of any Trust, any Make-Whole Amount paid on the Equipment Notes held in such Trust which has not been distributed to the Certificateholders of such Trust (other than such Make-Whole Amount or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of such Final Distributions. (Intercreditor Agreement, Section 1.01)

***Limitation on Exercise of Remedies***

So long as any Certificates are outstanding, during the period ending on the date which is nine months after the earlier of (x) the acceleration of the Equipment Notes under any Indenture and (y) the occurrence of an American Bankruptcy Event, without the consent of each Trustee (other than the Trustee of any Trust all of the Certificates of which are held or beneficially owned by American or its affiliates), no Aircraft subject to the lien of such Indenture or such Equipment Notes may be sold in the exercise of remedies under such Indenture, if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes. (Intercreditor Agreement, Section 4.01(a)(iii))

*Minimum Sale Price* means, with respect to any Aircraft or the Equipment Notes issued in respect of such Aircraft, at any time, the lesser of (1) in the case of the sale of an Aircraft, 80%, or, in the case of the sale of such related Equipment Notes, 90%, of the Appraised Current Market Value of

S-90

**Table of Contents**

such Aircraft and (2) the sum of the aggregate Note Target Price of such Equipment Notes and an amount equal to the Excess Liquidity Obligations in respect of the Indenture under which such Equipment Notes were issued. (Intercreditor Agreement, Section 1.01)

*Excess Liquidity Obligations* means, with respect to an Indenture, an amount equal to the sum of (i) the amount of fees payable to the Liquidity Provider with respect to each Liquidity Facility, multiplied by a fraction, the numerator of which is the then outstanding aggregate principal amount of the Series A Equipment Notes and Series B Equipment Notes issued under such Indenture and the denominator of which is the then outstanding aggregate principal amount of all Series A Equipment Notes and Series B Equipment Notes, (ii) interest on any Special Termination Drawing, Downgrade Drawing or Non-Extension Drawing payable under each Liquidity Facility in excess of investment earnings on such drawing multiplied by the fraction specified in clause (i) above, (iii) if any payment default by American exists with respect to interest on any Series A Equipment Notes or Series B Equipment Notes, the excess, if any, of the interest on any Interest Drawing (or portion of any Downgrade Drawing, Non-Extension Drawing or Special Termination Drawing that is used to pay interest on the Certificates) or Final Drawing payable under each Liquidity Facility plus certain other amounts payable under each Liquidity Facility with respect thereto, over the sum of (a) investment earnings from any Final Drawing plus (b) any interest at the past due rate actually payable (whether or not in fact paid) by American on the overdue scheduled interest on the Series A Equipment Notes and Series B Equipment Notes in respect of which such Drawing was made (or portion of Downgrade Drawing, Non-Extension Drawing or Special Termination Drawing was used), multiplied by a fraction the numerator of which is the aggregate overdue amounts of interest on the Series A Equipment Notes and Series B Equipment Notes issued under such Indenture (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes) and the denominator of which is the then aggregate overdue amounts of interest on all Series A Equipment Notes and Series B Equipment Notes (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes), and (iv) any other amounts owed to a Liquidity Provider by the Subordination Agent as borrower under each Liquidity Facility other than amounts due as repayment of advances thereunder or as interest on such advances, except to the extent payable pursuant to clauses (ii) and (iii) above, multiplied by the fraction specified in clause (i) above. The foregoing definition shall be revised accordingly to reflect, if applicable, any Replacement Facility or if Additional Certificates with credit support similar to the Liquidity Facilities are issued. See Possible Issuance of Additional Certificates and Refinancing of Certificates. (Indentures, Section 2.14)

*Note Target Price* means, for any Equipment Note issued under any Indenture: (i) the aggregate outstanding principal amount of such Equipment Note, plus (ii) the accrued and unpaid interest thereon, together with all other sums owing on or in respect of such Equipment Note (including, without limitation, enforcement costs incurred by the Subordination Agent in respect of such Equipment Note). (Intercreditor Agreement, Section 1.01)

Following the occurrence and during the continuation of an Indenture Event of Default under any Indenture, in the exercise of remedies pursuant to such Indenture, the Loan Trustee under such Indenture may be directed to lease the related Aircraft to any person (including American) so long as the Loan Trustee in doing so acts in a commercially reasonable manner within the meaning of Article 9 of the Uniform Commercial Code as in effect in any applicable jurisdiction (including Sections 9-610 and 9-627 thereof). (Intercreditor Agreement, Section 4.01(a)(ii))

If following certain events of bankruptcy, reorganization or insolvency with respect to American described in the Intercreditor Agreement (an *American Bankruptcy Event* ) and during the pendency thereof, the Controlling Party receives a proposal from or on behalf of American to restructure the financing of any one or more of the Aircraft, the Controlling Party will promptly thereafter give the Subordination Agent, each Trustee and each Liquidity Provider that has not made a Final Drawing



**Table of Contents**

notice of the material economic terms and conditions of such restructuring proposal whereupon the Subordination Agent acting on behalf of each Trustee will post such terms and conditions of such restructuring proposal on DTC's Internet bulletin board or make such other commercially reasonable efforts as the Subordination Agent may deem appropriate to make such terms and conditions available to all Certificateholders. Thereafter, neither the Subordination Agent nor any Trustee, whether acting on instructions of the Controlling Party or otherwise, may, without the consent of each Trustee and each Liquidity Provider that has not made a Final Drawing, enter into any term sheet, stipulation or other agreement (a *Restructuring Arrangement*) (whether in the form of an adequate protection stipulation, an extension under Section 1110(b) of the Bankruptcy Code or otherwise) to effect any such restructuring proposal with or on behalf of American unless and until the material economic terms and conditions of such restructuring proposal shall have been made available to all Certificateholders and each Liquidity Provider that has not made a Final Drawing, for a period of not less than 15 calendar days (except that such requirement shall not apply to any such Restructuring Arrangement that is effective (whether prospectively or retrospectively) as of a date on or before the expiration of the 60-day period under Section 1110 and to be effective, initially, for a period not longer than three months from the expiry of such 60-day period (an *Interim Restructuring Arrangement*)). The requirements described in the immediately preceding sentence (i) will not apply to any extension of a Restructuring Arrangement with respect to which such requirements have been complied with in connection with the original entry of such Restructuring Arrangement if the possibility of such extension has been disclosed in satisfaction of the notification requirements and such extension shall not amend or modify any of the other terms and conditions of such Restructuring Arrangement and (ii) will apply to the initial extension of an Interim Restructuring Arrangement beyond the three months following the expiry of the 60-day period but not to any subsequent extension of such Interim Restructuring Arrangement, if the possibility of such subsequent extension has been disclosed in satisfaction of the notification requirements and such subsequent extension shall not amend or modify any of the other terms and conditions of such Interim Restructuring Arrangement. (Intercreditor Agreement, Section 4.01(c))

In the event that any Certificateholder gives irrevocable notice of the exercise of its right to purchase all (but not less than all) of the Certificates represented by the then Controlling Party (as described in Description of the Certificates Certificate Buyout Right of Certificateholders) prior to the expiry of the applicable notice period specified above, such Controlling Party may not direct the Subordination Agent or any Trustee to enter into any such restructuring proposal with respect to any of the Aircraft, unless and until such Certificateholder fails to purchase such class of Certificates on the date that it is required to make such purchase. (Intercreditor Agreement, Section 4.01(c))

**Post Default Appraisals**

Upon the occurrence and continuation of an Indenture Event of Default under any Indenture, the Subordination Agent will be required to obtain three desktop appraisals from the appraisers selected by the Controlling Party setting forth the current market value, current lease rate and distressed value (in each case, as defined by the International Society of Transport Aircraft Trading or any successor organization) of the Aircraft subject to such Indenture (each such appraisal, an *Appraisal* and the current market value appraisals being referred to herein as the *Post Default Appraisals*). For so long as any Indenture Event of Default shall be continuing under any Indenture, and without limiting the right of the Controlling Party to request more frequent Appraisals, the Subordination Agent will be required to obtain additional Appraisals on the date that is 364 days from the date of the most recent Appraisal or if an American Bankruptcy Event shall have occurred and is continuing, on the date that is 180 days from the date of the most recent Appraisal and shall (acting on behalf of each Trustee) post such Appraisals on DTC's Internet bulletin board or make such other commercially reasonable efforts as the Subordination Agent may deem appropriate to make such Appraisals available to all Certificateholders. (Intercreditor Agreement, Section 4.01(a)(iii))





---

**Table of Contents**

*Appraised Current Market Value* of any Aircraft means the lower of the average and the median of the three most recent Post Default Appraisals of such Aircraft. (Intercreditor Agreement, Section 1.01)

**Priority of Distributions**

All payments in respect of the Equipment Notes and certain other payments received on each Regular Distribution Date or Special Distribution Date will be promptly distributed by the Subordination Agent on such Regular Distribution Date or Special Distribution Date in the following order of priority:

to the Subordination Agent, any Trustee, any Certificateholder and any Liquidity Provider to the extent required to pay certain out-of-pocket costs and expenses actually incurred by the Subordination Agent (or reasonably expected to be incurred by the Subordination Agent for the period ending on the next succeeding Regular Distribution Date, which shall not exceed \$150,000 unless approved in writing by the Controlling Party and accompanied by evidence that such costs are actually expected to be incurred) or any Trustee or to reimburse any Certificateholder or any Liquidity Provider in respect of payments made to the Subordination Agent or any Trustee in connection with the protection or realization of the value of the Equipment Notes held by the Subordination Agent or any Collateral under (and as defined in) any Indenture (collectively, the *Administration Expenses* );

to each Liquidity Provider (a) to the extent required to pay the accrued and unpaid Liquidity Expenses or (b) in the case of a Special Payment on account of the redemption, purchase or prepayment of the Equipment Notes issued pursuant to an Indenture (an *Equipment Note Special Payment* ), so long as no Indenture Event of Default has occurred and is continuing under any Indenture, the amount of accrued and unpaid Liquidity Expenses that are not yet overdue, multiplied by the Applicable Fraction or, if an Indenture Event of Default has occurred and is continuing, clause (a) will apply;

to each Liquidity Provider (i)(a) to the extent required to pay interest accrued and unpaid on the Liquidity Obligations or (b) in the case of an Equipment Note Special Payment, so long as no Indenture Event of Default has occurred and is continuing under any Indenture, to the extent required to pay accrued and unpaid interest then overdue on the Liquidity Obligations, plus an amount equal to the amount of accrued and unpaid interest on the Liquidity Obligations not yet overdue, multiplied by the Applicable Fraction or, if an Indenture Event of Default has occurred and is continuing, clause (a) will apply and (ii) if a Special Termination Drawing has been made under a Liquidity Facility that has not been converted into a Final Drawing, the outstanding amount of such Special Termination Drawing under such Liquidity Facility;

to (i) if applicable, unless (in the case of this clause (i) only) (x) less than 65% of the aggregate outstanding principal amount of all Equipment Notes (other than Additional Equipment Notes, if any) are Performing Equipment Notes and a Liquidity Event of Default shall have occurred and be continuing under a Liquidity Facility or (y) a Final Drawing shall have occurred under a Liquidity Facility, the funding of the Cash Collateral Account with respect to such Liquidity Facility up to the Required Amount for the related class of Certificates and (ii) each Liquidity Provider to the extent required to pay the outstanding amount of all Liquidity Obligations;

to the Subordination Agent, any Trustee or any Certificateholder to the extent required to pay certain fees, taxes, charges and other amounts payable;

to the Class A Trustee (a) to the extent required to pay accrued and unpaid interest at the Stated Interest Rate on the Pool Balance of the Class A Certificates (excluding interest, if any, payable with respect to the Deposits relating to such class of Certificates) or (b) in the case of an Equipment Note Special Payment, so long as no Indenture Event of Default has occurred

S-93

**Table of Contents**

and is continuing under any Indenture, to the extent required to pay any such interest that is then accrued, due and unpaid together with (without duplication) accrued and unpaid interest at the Stated Interest Rate on the outstanding principal amount of the Series A Equipment Notes held in the Class A Trust being redeemed, purchased or prepaid (excluding interest, if any, payable with respect to the Deposits relating to such Class of Certificates) or, if an Indenture Event of Default has occurred and is continuing, clause (a) will apply;

to the Class B Trustee (a) to the extent required to pay unpaid Class B Adjusted Interest on the Class B Certificates (excluding interest, if any, payable with respect to the Deposits relating to such class of Certificates) or (b) in the case of an Equipment Note Special Payment, so long as no Indenture Event of Default has occurred and is continuing under any Indenture, to the extent required to pay any accrued, due and unpaid Class B Adjusted Interest (excluding interest, if any, payable with respect to the Deposits relating to such class of Certificates) or, if an Indenture Event of Default has occurred and is continuing, clause (a) will apply;

to the Class A Trustee to the extent required to pay Expected Distributions on the Class A Certificates;

to the Class B Trustee (a) to the extent required to pay accrued and unpaid interest at the Stated Interest Rate on the Pool Balance of the Class B Certificates (other than Class B Adjusted Interest paid above) (excluding interest, if any, payable with respect to the Deposits relating to such class of Certificates) or (b) in the case of an Equipment Note Special Payment, so long as no Indenture Event of Default has occurred and is continuing under any Indenture, to the extent required to pay any such interest that is then accrued, due and unpaid (other than Class B Adjusted Interest paid above) together with (without duplication) accrued and unpaid interest at the Stated Interest Rate on the outstanding principal amount of the Series B Equipment Notes held in the Class B Trust and being redeemed, purchased or prepaid (excluding interest, if any, payable with respect to the Deposits relating to such Class of Certificates) or, if an Indenture Event of Default has occurred and is continuing, clause (a) will apply; and

to the Class B Trustee to the extent required to pay Expected Distributions on the Class B Certificates. (Intercreditor Agreement, Sections 2.04 and 3.02)

If Additional Certificates are issued, the priority of distributions in the Intercreditor Agreement may be revised such that certain obligations relating to interest on the Additional Certificates may rank ahead of certain obligations with respect to the Certificates. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

*Applicable Fraction* means, with respect to any Special Distribution Date, a fraction, the numerator of which shall be the amount of principal of the applicable Series A Equipment Notes and Series B Equipment Notes being redeemed, purchased or prepaid on such Special Distribution Date, and the denominator of which shall be the aggregate unpaid principal amount of all Series A Equipment Notes and Series B Equipment Notes outstanding as of such Special Distribution Date immediately before giving effect to such redemption, purchase or prepayment. The definition of

*Applicable Fraction* will be revised if Additional Certificates are issued. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

*Liquidity Obligations* means, with respect to each Liquidity Provider, the obligations to reimburse or to pay such Liquidity Provider all principal, interest, fees and other amounts owing to it under the applicable Liquidity Facility or certain other agreements. (Intercreditor Agreement, Section 1.01)

*Liquidity Expenses* means, with respect to each Liquidity Provider, all Liquidity Obligations other than any interest accrued thereon or the principal amount of any drawing under the applicable Liquidity Facility. (Intercreditor Agreement, Section 1.01)

S-94

**Table of Contents**

*Expected Distributions* means, with respect to the Certificates of any Trust on any Distribution Date (the *Current Distribution Date* ), the difference between:

(A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date after the Issuance Date, the original aggregate face amount of the Certificates of such Trust), and

(B) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of any Equipment Notes other than Performing Equipment Notes held in such Trust has been paid in full and such payments have been distributed to the holders of such Certificates, (ii) the principal of any Performing Equipment Notes held in such Trust has been paid when due (whether at stated maturity or upon prepayment or purchase or otherwise, but without giving effect to any acceleration of Performing Equipment Notes) and such payments have been distributed to the holders of such Certificates and (iii) the principal of any Equipment Notes formerly held in such Trust that have been sold pursuant to the Intercreditor Agreement has been paid in full and such payments have been distributed to the holders of such Certificates, without giving effect to any reduction in the Pool Balance as a result of any distribution attributable to Deposits occurring after the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, occurring after the initial issuance of the Certificates of such Trust).

For purposes of calculating Expected Distributions with respect to the Certificates of any Trust, any Make-Whole Amount paid on the Equipment Notes held in such Trust that has not been distributed to the Certificateholders of such Trust (other than such Make-Whole Amount or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of Expected Distributions. (Intercreditor Agreement, Section 1.01)

*Class B Adjusted Interest* means, as of any Current Distribution Date, (I) any interest described in clause (II) of this definition accrued prior to the immediately preceding Distribution Date which remains unpaid and (II) the sum of (x) interest determined at the Stated Interest Rate for the Class B Certificates for the period commencing on, and including, the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the Issuance Date) and ending on, but excluding, the Current Distribution Date, on the Eligible B Pool Balance on such Distribution Date and (y) the sum of interest for each Series B Equipment Note with respect to which, or with respect to the Aircraft with respect to which such Equipment Note was issued, a disposition, distribution, sale or Deemed Disposition Event has occurred, since the immediately preceding Distribution Date (but only if no such event has previously occurred with respect to such Series B Equipment Note), determined at the Stated Interest Rate for the Class B Certificates for each day during the period commencing on, and including, the immediately preceding Distribution Date (or, if the current Distribution Date is the first Distribution Date, the Issuance Date) and ending on, but excluding, the date of the earliest of such disposition, distribution, sale or Deemed Disposition Event with respect to such Series B Equipment Note or Aircraft, as the case may be, on the principal amount of such Series B Equipment Note calculated pursuant to clause (B)(i), (ii), (iii) or (iv), as applicable, of the definition of Eligible B Pool Balance. (Intercreditor Agreement, Section 1.01)

*Eligible B Pool Balance* means, as of any date of determination, the excess of (A) the Pool Balance of the Class B Certificates as of the immediately preceding Distribution Date (or, if such date of determination is on or before the first Distribution Date, the original aggregate face amount of the Class B Certificates) (after giving effect to payments made on such date of determination) over (B) the sum of, with respect to each Series B Equipment Note, one of the following amounts, if applicable: (i) if there has previously been a sale or disposition by the applicable Loan Trustee of the Aircraft for cash under (and as defined in) the related Indenture, the outstanding principal amount of such Series B

S-95

**Table of Contents**

Equipment Note that remains unpaid as of such date of determination subsequent to such sale or disposition and after giving effect to any distributions of the proceeds of such sale or disposition applied under such Indenture to the payment of such Series B Equipment Note, (ii) if there has previously been an Event of Loss with respect to the applicable Aircraft to which such Series B Equipment Note relates, the outstanding principal amount of such Series B Equipment Note that remains unpaid as of such date of determination subsequent to the scheduled date of mandatory redemption of such Series B Equipment Note following such Event of Loss and after giving effect to the distributions of any proceeds in respect of such Event of Loss applied under such Indenture to the payment of such Series B Equipment Note, (iii) if such Series B Equipment Note has previously been sold for cash by the Subordination Agent, the excess, if any, of (x) the outstanding amount of principal and interest as of the date of such sale by the Subordination Agent of such Series B Equipment Note over (y) the purchase price received with respect to such sale of such Series B Equipment Note for cash (net of any applicable costs and expenses of such sale) or (iv) if a Deemed Disposition Event has occurred with respect to such Series B Equipment Note, the outstanding principal amount of such Series B Equipment Note; *provided, however*, that if more than one of the clauses (i), (ii), (iii) and (iv) is applicable to any one Series B Equipment Note, only the amount determined pursuant to the clause that first became applicable shall be counted with respect to such Series B Equipment Note. (Intercreditor Agreement, Section 1.01)

*Deemed Disposition Event* means, in respect of any Equipment Note, the continuation of an Indenture Event of Default in respect of such Equipment Note without an Actual Disposition Event occurring in respect of such Equipment Note for a period of five years from the date of the occurrence of such Indenture Event of Default. (Intercreditor Agreement, Section 1.01)

*Actual Disposition Event* means, in respect of any Equipment Note, (i) the sale or disposition by the applicable Loan Trustee for cash of the Aircraft securing such Equipment Note, (ii) the occurrence of the mandatory redemption date for such Equipment Note following an Event of Loss with respect to such Aircraft or (iii) the sale by the Subordination Agent of such Equipment Note for cash. (Intercreditor Agreement, Section 1.01)

Interest Drawings under the applicable Liquidity Facility and withdrawals from the applicable Cash Collateral Account, in respect of interest on the Certificates of the Class A Trust or the Class B Trust, as applicable, will be distributed to the Trustee for such class of Certificates, notwithstanding the priority of distributions set forth in the Intercreditor Agreement and otherwise described herein. All amounts on deposit in the Cash Collateral Account for any such Trust that are in excess of the Required Amount will be paid to the applicable Liquidity Provider. (Intercreditor Agreement, Section 3.05(f))

**Voting of Equipment Notes**

In the event that the Subordination Agent, as the registered holder of any Equipment Note, receives a request for the giving of notice or its consent to any amendment, supplement, modification, approval, consent or waiver under such Equipment Note or the related Indenture or the related Participation Agreement or other related document, (i) if no Indenture Event of Default shall have occurred and be continuing with respect to such Indenture, the Subordination Agent shall request directions from the Trustee(s) and shall vote or consent in accordance with such directions and (ii) if any Indenture Event of Default shall have occurred and be continuing with respect to such Indenture, the Subordination Agent will exercise its voting rights as directed by the Controlling Party, subject to certain limitations; *provided* that no such amendment, supplement, modification, approval, consent or waiver shall, without the consent of each Liquidity Provider, reduce the amount of principal or interest payable by American under any Equipment Note. In addition, see the last paragraph under





## **Table of Contents**

Description of the Certificates Modification of the Pass Through Trust Agreements and Certain Other Agreements for a description of the additional Certificateholder consent requirements with respect to amendments, supplements, modifications, approvals, consents or waivers of the Indentures, Equipment Notes, Participation Agreements, Note Purchase Agreement or other related documents. (Intercreditor Agreement, Section 8.01(b))

### **Certain Communications with Certificateholders**

If the Subordination Agent, in its capacity as a holder of Equipment Notes issued under an Indenture, receives a notice of substitution of the related Airframe, as described under Description of the Equipment Notes Security Substitution of Airframe, or a notice of replacement of the related Airframe, as described under Description of the Equipment Notes Certain Provisions of the Indentures Events of Loss, the Subordination Agent shall promptly provide a copy of such notice to each Trustee, each Liquidity Provider and each Rating Agency and, on behalf of each Trustee, the Subordination Agent shall post such notice on DTC's Internet bulletin board or make such other commercially reasonable efforts as the Subordination Agent may deem appropriate to make the contents of such notice available to all Certificateholders. (Intercreditor Agreement, Section 6.11)

Upon the occurrence of an Indenture Event of Default, the Subordination Agent shall instruct the Trustees to, and the Trustees shall, request that DTC post on its Internet bulletin board a securities position listing setting forth the names of all the parties reflected on DTC's books as holding interests in the Certificates. (Intercreditor Agreement, Section 5.01(c))

### **Reports**

Promptly after the occurrence of a Triggering Event or an Indenture Event of Default resulting from the failure of American to make payments on any Equipment Note and on every Regular Distribution Date while the Triggering Event or such Indenture Event of Default shall be continuing, the Subordination Agent will provide to the Trustees, the Liquidity Providers, the Rating Agencies and American a statement setting forth the following information:

after an American Bankruptcy Event, with respect to each Aircraft, whether such Aircraft is (i) subject to the 60-day period of Section 1110, (ii) subject to an election by American under Section 1110(a) of the Bankruptcy Code, (iii) covered by an agreement contemplated by Section 1110(b) of the Bankruptcy Code or (iv) not subject to any of (i), (ii) or (iii);

to the best of the Subordination Agent's knowledge, after requesting such information from American, (i) whether the Aircraft are currently in service or parked in storage, (ii) the maintenance status of the Aircraft and (iii) location of the Engines. American has agreed to provide such information upon request of the Subordination Agent, but no more frequently than every three months with respect to each Aircraft so long as it is subject to the lien of an Indenture (Note Purchase Agreement, Section 4(a)(vi));

the current Pool Balance of each class of Certificates, the Eligible B Pool Balance and outstanding principal amount of all Equipment Notes for all Aircraft;

the expected amount of interest which will have accrued on the Equipment Notes and on the Certificates as of the next Regular Distribution Date;

the amounts paid to each person on such Distribution Date pursuant to the Intercreditor Agreement;

details of the amounts paid on such Distribution Date identified by reference to the relevant provision of the Intercreditor Agreement and the source of payment (by Aircraft and party);

if the Subordination Agent has made a Final Drawing or a Special Termination Drawing under any Liquidity Facility;

S-97

**Table of Contents**

the amounts currently owed to each Liquidity Provider;

the amounts drawn under each Liquidity Facility; and

after an American Bankruptcy Event, any operational reports filed by American with the bankruptcy court which are available to the Subordination Agent on a non-confidential basis. (Intercreditor Agreement, Section 5.01(d))

**The Subordination Agent**

Wilmington Trust Company will be the Subordination Agent under the Intercreditor Agreement. American and its affiliates may from time to time enter into banking and trustee relationships with the Subordination Agent and its affiliates. The Subordination Agent's address is Wilmington Trust Company, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Adam Vogelsong, Ref: American Airlines 2014-1 EETC.

The Subordination Agent may resign at any time, in which event a successor Subordination Agent will be appointed as provided in the Intercreditor Agreement. American (unless an Indenture Event of Default has occurred and is continuing) or the Controlling Party may remove the Subordination Agent for cause as provided in the Intercreditor Agreement. In such circumstances, a successor Subordination Agent will be appointed as provided in the Intercreditor Agreement. Any resignation or removal of the Subordination Agent and appointment of a successor Subordination Agent does not become effective until acceptance of the appointment by the successor Subordination Agent. (Intercreditor Agreement, Section 7.01(a))

**Table of Contents****DESCRIPTION OF THE AIRCRAFT AND THE APPRAISALS****The Aircraft**

The Trusts are expected to hold Equipment Notes for, and secured by, the Aircraft. The Aircraft consist of five Airbus A319-112 aircraft delivered new to American in 2013, seven Airbus A321-231 aircraft delivered new to American in 2014, and five Boeing 777-323ER aircraft delivered new to American from 2012 to 2014. Each Aircraft is being operated by American. Two of the Boeing 777-323ER aircraft, each of the five Airbus A319-112 aircraft and each of the seven Airbus A321-231 aircraft are owned by American as of the date of this prospectus supplement. The Owner Trust Aircraft, consisting of three of the Boeing 777-323ER aircraft, are held by owner trusts and leased by American as of the date of this prospectus supplement. American owns the beneficial interest in each such owner trust as of the date of this prospectus supplement. It will be a condition to the issuance of Equipment Notes with respect to each Owner Trust Aircraft that American terminate the related owner trusts and take title to such Owner Trust Aircraft prior to any such issuance. The airframe constituting part of an Aircraft is referred to herein as an *Airframe*, and each engine constituting part of an Aircraft is referred to herein as an *Engine*. The Aircraft have been designed to comply with Stage 3 noise level standards, which are the most restrictive regulatory standards currently in effect in the United States with respect to the Aircraft for aircraft noise abatement. The ER designation is provided by the manufacturer and is not recognized by the FAA.

The Airbus A319-112 aircraft is a narrow-body commercial jet aircraft. Current seating capacity in American's two-class configuration for the A319-112 aircraft is 128 seats. The A319-112 aircraft is powered by two CFM56-5B7 model commercial jet engines manufactured by CFM International.

The Airbus A321-231 aircraft is a narrow-body commercial jet aircraft. Current seating capacity in American's three-class transcontinental configuration for the A321-231 aircraft is 102 seats. The A321-231 aircraft is powered by two V2533-A5 model commercial jet engines manufactured by IAE International Aero Engines AG.

The Boeing 777-323ER aircraft is a wide-body commercial jet aircraft. Current seating capacity in American's three-class configuration for the 777-323ER aircraft is 310 seats. The 777-323ER aircraft is powered by two GE90-115BL model commercial jet engines manufactured by General Electric. The Boeing 777-323ER are approved for ETOPS.

**The Appraisals**

The table below sets forth the appraised values of the Aircraft, as determined by AISI, BK and MBA, independent aircraft appraisal and consulting firms, and certain additional information regarding such Aircraft.

Aircraft Type	Registration Number	Manufacturer's Serial Number	Month of Delivery	Appraiser's Valuations			Appraised Value(1)
				AISI	BK	MBA	
Boeing 777-323ER	N717AN	31543	December 2012	\$ 154,880,000	\$ 161,892,415	\$ 150,040,000	\$ 154,880,000
Boeing 777-323ER	N718AN	41665	December 2012	154,900,000	161,935,795	150,040,000	154,900,000
Boeing 777-323ER	N719AN	41668	January 2013	161,460,000	163,813,753	150,820,000	158,697,915
Boeing 777-323ER	N726AN	31550	December 2013	164,060,000	167,697,469	159,940,000	163,899,150
Boeing 777-323ER	N727AN	33541	February 2014	167,660,000	168,278,676	161,110,000	165,682,895
Airbus A319-112	N8001N	5678	July 2013	43,150,000	35,278,779	36,210,000	36,210,000
Airbus A319-112	N9004F	5745	August 2013	43,220,000	35,324,005	36,410,000	36,410,000

Edgar Filing: AMERICAN AIRLINES INC - Form 424B5

bus A319-112	N4005X	5753	August 2013	43,200,000	35,311,329	36,410,000	36,410,000
bus A319-112	N9012	5810	October 2013	43,410,000	35,564,084	36,820,000	36,820,000
bus A319-112			November				
	N3014R	5842	2013	43,410,000	35,724,224	37,020,000	37,020,000
bus A321-231	N108NN	5946	January 2014	52,150,000	52,094,682	53,790,000	52,150,000
bus A321-231	N110AN	5975	February 2014	52,310,000	52,161,782	53,890,000	52,310,000
bus A321-231	N111ZM	5983	February 2014	52,320,000	52,170,567	53,890,000	52,320,000
bus A321-231	N112AN	5991	March 2014	52,430,000	52,212,204	54,000,000	52,430,000
bus A321-231	N113AN	6020	March 2014	52,470,000	52,229,983	54,000,000	52,470,000
bus A321-231	N115NN	6063	May 2014	52,740,000	52,541,391	54,200,000	52,740,000
bus A321-231	N117AN	6094	May 2014	52,750,000	52,553,869	54,200,000	52,750,000
<b>Total:</b>				<b>\$ 1,386,520,000</b>	<b>\$ 1,366,785,007</b>	<b>\$ 1,332,790,000</b>	<b>\$ 1,348,099,900</b>

S-99

---

**Table of Contents**

- (1) The appraised value of each Aircraft set forth above is the lesser of the average and median appraised value of each such Aircraft. Such appraisals indicate appraised base value of each Aircraft, adjusted for the maintenance status of such Aircraft at or around the time of such appraisals. These appraisals are based upon varying assumptions and methodologies. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. See Risk Factors Risks Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.

According to the International Society of Transport Aircraft Trading, appraised base value is defined as each Appraiser's opinion of the underlying economic value of an aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration of its highest and best use. An aircraft's appraised base value is founded in the historical trend of values and in the projection of value trends and presumes an arm's-length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing.

Each Appraiser was asked to provide, and each Appraiser furnished, its opinion as to the appraised value of the Aircraft based on desk-top appraisals without any physical inspection of the Aircraft. The AISI appraisal is dated August 28, 2014 and the BK appraisal and MBA appraisal are each dated August 27, 2014. The appraised values provided by each of AISI, BK and MBA are presented as of or around the respective dates of their appraisals. The appraisals do not purport to, and do not, reflect the current market value of the Aircraft. The appraisals are based on base value and on various significant assumptions and methodologies which vary among the appraisals. In particular, the appraisals of each of the Aircraft indicated the appraised base value of such Aircraft, adjusted for the maintenance status of such Aircraft at or around the time of such appraisals. A different maintenance status may result in different valuations. Appraisals that are more current or that are based on different assumptions and methodologies (or a physical inspection of the Aircraft) may result in valuations that are materially different from those contained in the appraisals of the Aircraft.

The Appraisers have delivered letters setting forth their respective appraisals, copies of which are annexed to this prospectus supplement as Appendix II. For a discussion of the assumptions and methodologies used in each of the appraisals, please refer to such letters. In addition, we have set forth on Appendix III to this prospectus supplement a summary of the base value, maintenance adjustment and maintenance adjusted base value determined by each Appraiser with respect to each Aircraft.

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

Accordingly, we cannot assure you that the proceeds realized upon any exercise of remedies with respect to any Aircraft would be sufficient to satisfy in full payments due on the Equipment Notes relating to such Aircraft or the full amount of distributions expected on the Certificates. See Risk Factors Risks Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.





**Table of Contents**

**Deliveries of Aircraft**

The Note Purchase Agreement provides that the period for financing the Aircraft under this offering will expire on the earlier of (a) the Outside Termination Date and (b) the date on which Equipment Notes issued with respect to all of the Aircraft have been purchased by the Trustees in accordance with the Note Purchase Agreement (the *Delivery Period Termination Date* ).

On and subject to the terms and conditions of the Note Purchase Agreement and the applicable Participation Agreement and Indenture, American agrees to enter into a secured debt financing agreement with respect to each Aircraft on or prior to the Outside Termination Date.

S-101

**Table of Contents****DESCRIPTION OF THE EQUIPMENT NOTES**

The following summary describes certain material terms of the Equipment Notes. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Equipment Notes, the form of Indenture, the form of Participation Agreement and the Note Purchase Agreement, copies of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by American with the SEC. Except as otherwise indicated, the following summaries relate to the Equipment Notes, the Indenture and the Participation Agreement applicable to each Aircraft.

On and subject to the terms and conditions of the Note Purchase Agreement and the applicable Participation Agreement and Indenture, American agrees to enter into a secured debt financing with respect to each Aircraft on or prior to the Outside Termination Date. The Note Purchase Agreement provides for the relevant parties to enter into a Participation Agreement and an Indenture relating to the financing of each Aircraft that are substantially in the forms attached to the Note Purchase Agreement. See *Description of the Certificates Obligation to Purchase Equipment Notes*. The description of the terms of the Equipment Notes in this prospectus supplement is based on the forms of such agreements annexed to the Note Purchase Agreement. However, the terms of the financing agreements actually entered into with respect to an Aircraft may differ from the forms of such agreements and, consequently, may differ from the description of such agreements contained in this prospectus supplement. Although such changes are permitted under the Note Purchase Agreement, American must obtain written confirmation from each Rating Agency to the effect that the use of financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement will not result in a withdrawal, suspension or downgrading of the ratings of each class of Certificates then rated by such Rating Agency and that remains outstanding. The terms of such agreements also must in any event comply with the Required Terms. In addition, American, subject to certain exceptions, is obligated to certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders or the Liquidity Providers. See *Description of the Certificates Obligation to Purchase Equipment Notes*.

**General**

Pursuant to the terms of a participation agreement among American, the Trustees, the Subordination Agent and the Loan Trustee with respect to each Aircraft (each, a *Participation Agreement*), the Trusts will purchase from American the related Equipment Notes to be issued under the related Indenture. Equipment Notes will be issued in two series with respect to each Aircraft, the *Series A Equipment Notes* and the *Series B Equipment Notes* (the Series B Equipment Notes, together with the Series A Equipment Notes, the *Equipment Notes*). American may elect to issue one series of Additional Equipment Notes with respect to an Aircraft at any time, which will be funded from sources other than this offering. See *Possible Issuance of Additional Certificates and Refinancing of Certificates*. The Equipment Notes with respect to each Aircraft will be issued under a separate indenture and security agreement (each, an *Indenture*) between American and Wilmington Trust Company, as loan trustee thereunder (each, a *Loan Trustee*). The Equipment Notes will be direct, full recourse obligations of American.

**Subordination**

The following subordination provisions will be applicable to the Equipment Notes issued under the Indentures:

the indebtedness evidenced by the Series B Equipment Notes issued under an Indenture will be, to the extent and in the manner provided in such Indenture, subordinate and subject in right of payment to the Series A Equipment Notes issued under such Indenture;

S-102

**Table of Contents**

if American issues any Additional Equipment Notes under an Indenture, the indebtedness evidenced by such Additional Equipment Notes will be, to the extent and in the manner provided in such Indenture (as may be amended in connection with any issuance of such Additional Equipment Notes), subordinate and subject in right of payment to the Series A Equipment Notes and the Series B Equipment Notes issued under such Indenture (see Possible Issuance of Additional Certificates and Refinancing of Certificates ); and

the indebtedness evidenced by the Series A Equipment Notes, the Series B Equipment Notes and any Additional Equipment Notes issued under an Indenture will be, to the extent and in the manner provided in the other Indentures, subordinate and subject in right of payment under such other Indentures to the Equipment Notes issued under such other Indentures. (Indentures, Section 2.13(a))

By the acceptance of its Equipment Notes of any series issued under any Indenture, each holder of such series of Equipment Notes (each, a *Noteholder* ) will agree that:

if such Noteholder, in its capacity as a Noteholder under such Indenture, receives any payment or distribution under such Indenture that it is not entitled to receive under the provisions of such Indenture, it will hold any amount so received in trust for the Loan Trustee under such Indenture and forthwith turn over such amount to such Loan Trustee in the form received to be applied as provided in such Indenture; and

if such Noteholder, in its capacity as a Noteholder under any other Indenture, receives any payment or distribution in respect of Equipment Notes of any series issued under such other Indenture that it is not entitled to receive under the provisions of such other Indenture, it will hold any amount so received in trust for the Loan Trustee under such other Indenture and forthwith turn over such amount to such Loan Trustee under such other Indenture in the form received to be applied as provided in such other Indenture. (Indentures, Section 2.13(c))

By acceptance of its Equipment Notes of any series under any Indenture, each Noteholder of such series will also:

agree to and will be bound by the subordination provisions in such Indenture;

authorize and direct the Loan Trustees under all Indentures on such Noteholder's behalf to take any action necessary or appropriate to effectuate the subordination as provided in such Indenture; and

appoint the Loan Trustees under all Indentures as such Noteholder's attorney-in-fact for such purpose. (Indentures, Section 2.13(a))

By virtue of the Intercreditor Agreement, all of the Equipment Notes held by the Subordination Agent will be effectively cross-subordinated. This means that payments received on a junior series of Equipment Notes issued in respect of one Aircraft may be applied in accordance with the priority of payment provisions set forth in the Intercreditor Agreement to make distributions on a more senior class of Certificates. (Intercreditor Agreement, Section 3.02)

During the existence of an Indenture Event of Default, if the Equipment Notes under the relevant Indenture have become due and payable in full as described in Remedies, then after payment in full of: first, the persons indemnified under Indemnification and certain other expenses with respect to such Indenture; second, the Series A Equipment Notes under such Indenture; third, the Series B Equipment Notes under such Indenture; and, if applicable, fourth, any Additional Equipment Notes under such Indenture; any excess proceeds will be available to pay certain indemnity and expense obligations with respect to Equipment Notes issued under other Indentures and held by the Subordination Agent ( *Related Equipment Notes* ). After payment in full of such indemnity and expense

**Table of Contents**

obligations, any remaining excess proceeds will be available to pay any shortfalls then due in respect of Related Equipment Notes under which either (i) a default of the type described in the first clause under -Indenture Events of Default, Notice and Waiver has occurred and is continuing, whether or not the applicable grace period has expired, or (ii) an Indenture Event of Default not described in the preceding clause (i) has occurred and is continuing and either (x) the Equipment Notes under the relevant Indenture have become due and payable and the acceleration has not been rescinded or (y) the relevant Loan Trustee has notified American that it intends to exercise remedies under such Indenture (see Remedies ) (each such Indenture, a *Defaulted Operative Indenture* ) in the following order of priority: first, to Series A Equipment Notes, Series B Equipment Notes and, if applicable, Additional Equipment Notes, ratably as to each such series; and second, in the absence of any such shortfall, such excess proceeds, if any, will be held by the relevant Loan Trustee as additional collateral for such Related Equipment Notes (see Security ). (Indentures, Section 3.03)

**Principal and Interest Payments**

Subject to the provisions of the Intercreditor Agreement, interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on the dates and at the rate per annum applicable to the Certificates issued by such Trust until the final expected Regular Distribution Date for such Trust. Subject to the provisions of the Intercreditor Agreement, principal paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust in scheduled amounts on the dates set forth herein until the final expected Regular Distribution Date for such Trust.

Interest will be payable on the unpaid principal amount of each issued and outstanding Equipment Note at the rate applicable to such Equipment Note on April 1 and October 1 of each year, commencing on the first such date to occur after the issuance thereof. Interest on the Equipment Notes will be computed on the basis of a 360-day year of twelve 30-day months. Overdue amounts of principal and (to the extent permitted by applicable law) Make-Whole Amount, if any, interest and any other amounts payable under each series of Equipment Notes will bear interest, payable on demand, at the interest rate that is the lesser of (i) the interest applicable to such series of Equipment Notes plus 1% and (ii) the maximum rate permitted by applicable law. (Indentures, Section 2.01)

Scheduled principal payments on the issued and outstanding Series A Equipment Notes and Series B Equipment Notes will be made on April 1 and October 1 in certain years, commencing on April 1, 2015 and ending on October 1, 2026 in the case of the Series A Equipment Notes and October 1, 2022 in the case of the Series B Equipment Notes. See Description of the Certificates Pool Factors for a discussion of the Scheduled Payments of principal of the Equipment Notes and possible revisions thereto.

If any date scheduled for a payment of principal, Make-Whole Amount (if any) or interest with respect to the Equipment Notes is not a Business Day, such payment will be made on the next succeeding Business Day and interest will not be added for such additional period.

American is also required to pay under each Indenture such Indenture's pro rata share of the fees, the interest payable on drawings under each Liquidity Facility in excess of earnings on cash deposits from such drawings plus certain other amounts and certain other payments due to the Liquidity Provider under each Liquidity Facility and of compensation and certain expenses payable to the Subordination Agent. (Indentures, Section 2.14)

---

**Table of Contents****Redemption**

If an Event of Loss occurs with respect to an Aircraft under any Indenture and such Aircraft is not replaced by American under such Indenture, the Equipment Notes issued with respect to such Aircraft will be redeemed, in whole, in each case at a price equal to 100% of the unpaid principal thereof, together with all accrued and unpaid interest thereon to (but excluding) the date of redemption, but without any premium, and all other obligations owed or then due and payable to holders of the Equipment Notes issued under such Indenture. (Indentures, Section 2.10)

All of the outstanding Equipment Notes issued with respect to an Aircraft may be redeemed prior to maturity at any time, at the option of American; *provided* that all outstanding Equipment Notes issued with respect to all other Aircraft are simultaneously redeemed. In addition, American may elect to redeem the outstanding Series B Equipment Notes issued with respect to all Aircraft either in connection with a refinancing of such series or without any such refinancing. See Possible Issuance of Additional Certificates and Refinancing of Certificates. The redemption price in the case of any optional redemption of outstanding Equipment Notes under any Indenture will be equal to 100% of the unpaid principal thereof, together with all accrued and unpaid interest thereon to (but excluding) the date of redemption and all other obligations owed or then due and payable to holders of the Equipment Notes issued under such Indenture, plus a Make-Whole Amount (if any). (Indentures, Section 2.11)

Notice of any such redemption will be given by the Loan Trustee to each holder of the Equipment Notes to be redeemed not less than 15 nor more than 60 days prior to the applicable redemption date. A notice of redemption may be revoked by written notice from American to the Loan Trustee given no later than three days prior to the redemption date. (Indentures, Section 2.12)

*Make-Whole Amount* means with respect to any Equipment Note, the amount (as determined by an independent investment banker selected by American (and, following the occurrence and during the continuance of an Indenture Event of Default, reasonably acceptable to the Loan Trustee)), if any, by which (i) the present value of the remaining scheduled payments of principal and interest from the redemption date to maturity of such Equipment Note computed by discounting each such payment on a semiannual basis from its respective payment date (assuming a 360 day year of twelve 30 day months) using a discount rate equal to the Treasury Yield plus % in the case of the Series A Equipment Notes and % in the case of the Series B Equipment Notes (each such percentage, a *Make-Whole Spread* ), exceeds (ii) the outstanding principal amount of such Equipment Note plus accrued but unpaid interest thereon to the date of redemption. (Indentures, Annex A)

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

S-105



**Table of Contents**

*most recent H.15(519)* means the latest H.15(519) published prior to the close of business on the third Business Day prior to the applicable redemption date. (Indentures, Annex A)

*Average Life Date* for each Equipment Note to be redeemed shall be the date which follows the redemption date by a period equal to the Remaining Weighted Average Life at the redemption date of such Equipment Note. *Remaining Weighted Average Life* of an Equipment Note, at the redemption date of such Equipment Note, shall be the number of days equal to the quotient obtained by dividing: (i) the sum of the products obtained by multiplying (A) the amount of each then remaining installment of principal, including the payment due on the maturity date of such Equipment Note, by (B) the number of days from and including the redemption date to but excluding the scheduled payment date of such principal installment by (ii) the then unpaid principal amount of such Equipment Note. (Indentures, Annex A)

**Security*****Aircraft***

The Equipment Notes issued under any Indenture will be secured by a security interest in, among other things, the Aircraft subject to the lien of such Indenture and each Aircraft subject to the liens of the other Indentures, as well as an assignment for security purposes to the Loan Trustee of certain of American's warranty rights under its purchase agreement with Airbus or Boeing, as applicable. (Indentures, Granting Clause)

Since the Equipment Notes are so cross-collateralized, any proceeds from the sale of any Aircraft by the Loan Trustee or other exercise of remedies under the related Indenture following an Indenture Event of Default under such Indenture will (after all of the Equipment Notes issued under such Indenture have been paid off, and subject to the provisions of the Bankruptcy Code) be available for application to shortfalls with respect to the Equipment Notes issued under the other Indentures and the other obligations secured by the other Indentures that are due at the time of such application, as described under *Subordination* above. In the absence of any such shortfall at the time of such application, excess proceeds will be held by the Loan Trustee under such Indenture as additional collateral for the Equipment Notes issued under each of the other Indentures and will be applied to the payments in respect of the Equipment Notes issued under such other Indentures as they come due. However, if any Equipment Note ceases to be held by the Subordination Agent (as a result of sale during the exercise of remedies by the Controlling Party or otherwise), such Equipment Note will cease to be entitled to the benefits of cross-collateralization. (Indentures, Section 3.03) Any cash Collateral held as a result of the cross-collateralization of the Equipment Notes would not be entitled to the benefits of Section 1110.

If the Equipment Notes issued under any Indenture are repaid in full in the case of an Event of Loss with respect to such Aircraft, the lien on such Aircraft under such Indenture will be released. (Indentures, Section 7.05) At any time on or after the latest Final Maturity Date of the Equipment Notes issued in respect of an Aircraft, if all obligations secured under all of the Indentures that are then due have been paid, the lien on such Aircraft will be released and such Aircraft will cease to be included in the collateral pool. (Indentures, Section 10.01) Once the lien on any Aircraft is released, such Aircraft will no longer secure the amounts that may be owing under any Indenture.

***Substitution of Airframe***

American may elect to release any Airframe from the security interest of the related Indenture and substitute for it an airframe of the same model, free and clear of all liens (other than certain permitted liens), so long as:

no Indenture Event of Default has occurred and is continuing at the time of substitution;

S-106

**Table of Contents**

the substitute airframe has a date of manufacture no earlier than one year prior to the date of manufacture of the Airframe subject to the lien of such Indenture on the issuance date of the Equipment Notes under such Indenture (each such date of manufacture to be deemed to be the date of original delivery of the applicable airframe to a customer by the manufacturer of such airframe); and

the substitute airframe has an appraised current market value, adjusted for its maintenance status, not less than that of the released Airframe (assuming that it had been maintained in accordance with the terms of the related Indenture).

If American elects to substitute an Airframe, American is required to provide to the relevant Loan Trustee opinions of counsel (i) to the effect that the Loan Trustee will be entitled to the benefits of Section 1110 with respect to the substitute airframe (unless, as a result of a change in law or governmental or judicial interpretation, such benefits were not available with respect to the Aircraft immediately prior to such substitution), and (ii) as to the due registration of the replacement aircraft of which such substitute airframe is part, the due recordation of a supplement to the Indenture relating to such substitute airframe, the registration of such substitute airframe with the International Registry under the Cape Town Treaty, if applicable, and the validity and perfection of the security interest granted to the relevant Loan Trustee in such substitute airframe. (Indentures, Section 7.04(e))

***Cash***

Cash, if any, held from time to time by the Loan Trustee with respect to any Aircraft, including funds held as the result of an Event of Loss to such Aircraft, will be invested and reinvested by such Loan Trustee, at the direction of American, in investments described in the related Indenture. (Indentures, Section 5.06) Such investments would not be entitled to the benefits of Section 1110.

**Loan to Value Ratios of Equipment Notes**

The tables in Appendix IV to this prospectus supplement set forth the LTVs for the Series A Equipment Notes and Series B Equipment Notes to be issued in respect of each Aircraft as of (i) April 1, 2015, assuming such Aircraft has been subjected to the related Indenture and each Trust has purchased the applicable Equipment Notes as of April 1, 2015 (the first Regular Distribution Date that occurs after the Outside Termination Date) and (ii) each Regular Distribution Date thereafter. With respect to each Aircraft, the LTVs for any date prior to April 1, 2015 are not included because April 1, 2015 is the first Regular Distribution Date to occur after the Outside Termination Date, which is the last date that such Aircraft may be subjected to the financing of this offering.

The LTVs for each Regular Distribution Date listed in the tables in Appendix IV were obtained by dividing (i) the outstanding principal amount (assuming no payment default, purchase or early redemption) of such Equipment Notes, plus in the case of the Series B Equipment Notes, the outstanding balance of the Series A Equipment Notes assumed to be issued and outstanding under the relevant Indenture, determined immediately after giving effect to the payments scheduled to be made on each such Regular Distribution Date by (ii) the assumed aircraft value (the *Assumed Aircraft Value*) on such Regular Distribution Date, calculated based on the Depreciation Assumption, of the Aircraft with respect to which such Equipment Notes were assumed to be issued and outstanding.

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

S-107

**Table of Contents**

year after that. With respect to each Aircraft, the appraised value at delivery of such Aircraft is the theoretical value that, when depreciated from the initial delivery of such Aircraft by the manufacturer in accordance with the Depreciation Assumption, results in the appraised value of such Aircraft specified under Prospectus Supplement Summary Equipment Notes and the Aircraft and Description of the Aircraft and the Appraisals The Appraisals.

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

**Limitation of Liability**

Except as otherwise provided in the Indentures, no Loan Trustee, in its individual capacity, will be answerable or accountable under the Indentures or the Equipment Notes under any circumstances except, among other things, for its own willful misconduct or negligence. (Indentures, Section 6.01)

**Indenture Events of Default, Notice and Waiver**

*Indenture Events of Default* under each Indenture will include:

the failure by American to pay any interest, principal or Make-Whole Amount (if any) within 15 days after the same has become due on any Equipment Note;

the failure by American to pay any amount (other than interest, principal or Make-Whole Amount (if any)) when due under the Indenture, any Equipment Note or any other related Operative Document for more than 30 days after American receives written notice from the Loan Trustee or any Noteholder under such Indenture;

the failure by American to carry and maintain (or cause to be maintained) insurance or indemnity on or with respect to the Aircraft in accordance with the provisions of such Indenture; *provided* that no such failure to carry and maintain insurance will constitute an Indenture Event of Default until the earlier of (i) the date such failure has continued unremedied for a period of 30 days after the Loan Trustee receives notice of the cancellation or lapse of such insurance or (ii) the date such insurance is not in effect as to the Loan Trustee;

the failure by American to perform or observe any other covenant, condition or agreement to be performed or observed by it under any related Operative Document that continues for a period of 60 days after American receives written notice from the Loan Trustee or any Noteholder under such Indenture; *provided* that, if such failure is capable of being remedied, no such failure will constitute an Indenture Event of Default for a period of one year after such notice is received by American so long as American is diligently proceeding to remedy such failure;

any representation or warranty made by American in the related Operative Documents proves to have been incorrect in any material respect when made, and such incorrectness continues to be material to the transactions contemplated by the Indenture and remains unremedied for a period of 60 days after American receives written notice from the Loan Trustee or any Noteholder under such Indenture; *provided* that, if such incorrectness is capable of being remedied, no such incorrectness will constitute an Indenture Event of Default for a period of one year after such notice is received by American so long as American is diligently proceeding to remedy such incorrectness;

the occurrence of certain events of bankruptcy, reorganization or insolvency of American; or

S-108

**Table of Contents**

the occurrence and continuance of an Indenture Event of Default under any other Indenture, but only if, as of any date of determination, all Equipment Notes issued and outstanding under such other Indenture are held by the Subordination Agent under the Intercreditor Agreement; *provided* that notwithstanding anything to the contrary set forth in the foregoing, any failure of American to perform or observe any covenant, condition or agreement shall not constitute an Event of Default if such failure arises by reason of an event referred to in the definition of Event of Loss so long as American is continuing to comply with all of the terms set forth under Events of Loss. (Indentures, Section 4.01)

Each Indenture provides that the holders of a majority in aggregate unpaid principal amount of the Equipment Notes outstanding under such Indenture, by written instruction to the Loan Trustee, may on behalf of all of the Noteholders waive any past default and its consequences under such Indenture, except a default in the payment of the principal of, Make-Whole Amount (if any) or interest due under any such Equipment Notes outstanding (other than with the consent of the holder thereof) or a default in respect of any covenant or provision of such Indenture that cannot be modified or amended without the consent of each such affected Noteholder. (Indentures, Section 4.05) This provision, among others, is subject to the terms of the Intercreditor Agreement.

**Remedies**

The exercise of remedies under the Indentures will be subject to the terms of the Intercreditor Agreement, and the following description should be read in conjunction with the description of the Intercreditor Agreement.

If an Indenture Event of Default occurs and is continuing under an Indenture, the related Loan Trustee may, and upon receipt of written instructions of the holders of a majority in principal amount of the Equipment Notes then outstanding under such Indenture will, declare the principal amount of all such Equipment Notes issued thereunder immediately due and payable, together with all accrued but unpaid interest thereon (but without any Make-Whole Amount). If certain events of bankruptcy or insolvency occur with respect to American, such amounts shall, subject to applicable law, become due and payable without any declaration or other act on the part of the related Loan Trustee or holders of Equipment Notes. The holders of a majority in principal amount of Equipment Notes outstanding under an Indenture may rescind any declaration of acceleration of such Equipment Notes if (i) there has been paid to or deposited with the related Loan Trustee an amount sufficient to pay all overdue installments of principal and interest on any such Equipment Notes, and all other amounts owing under the Operative Documents, that have become due otherwise than by such declaration of acceleration and (ii) all other Indenture Events of Default, other than nonpayment of principal amount or interest on the Equipment Notes that have become due solely because of such acceleration, have been cured or waived; *provided* that no such rescission or annulment will extend to or affect any subsequent default or Indenture Event of Default or impair any right consequent thereon. (Indentures, Sections 4.02(a) and (d))

Each Indenture provides that, if an Indenture Event of Default under such Indenture has occurred and is continuing, the related Loan Trustee may exercise certain rights or remedies available to it under such Indenture or under applicable law. Such remedies include the right to take possession of the Aircraft and to sell all or any part of the Airframe or any Engine comprising the Aircraft subject to such Indenture. (Indentures, Section 4.02(a)) See Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies.

In the case of Chapter 11 bankruptcy proceedings in which an air carrier is a debtor, Section 1110 provides special rights to holders of security interests with respect to equipment (as





**Table of Contents**

defined in Section 1110). Section 1110 provides that, subject to the limitations specified therein, the right of a secured party with a security interest in equipment to take possession of such equipment in compliance with the provisions of a security agreement and to enforce any of its rights or remedies thereunder is not affected after 60 days after the date of the order for relief in a case under Chapter 11 of the Bankruptcy Code by any provision of the Bankruptcy Code. Section 1110, however, provides that the right to take possession of an aircraft and enforce other remedies may not be exercised for 60 days following the date of the order for relief (or such longer period consented to by the holder of a security interest and approved by the court) and may not be exercised at all after such period if the trustee in reorganization agrees, subject to the approval of the court, to perform the debtor's obligations under the security agreement and cures all defaults. A default of a kind specified in Section 365(b)(2) of the Bankruptcy Code, such as a default that is a breach of a provision relating to the financial condition, bankruptcy or insolvency of the debtor, need not be cured. Further, any default arising under an Indenture solely by reason of the cross-default in such Indenture may not be of a type required to be cured under Section 1110. Equipment is defined in Section 1110, in part, as an aircraft, aircraft engine, propeller, appliance, or spare part (as defined in section 40102 of title 49 of the United States Code) that is subject to a security interest granted by, leased to, or conditionally sold to a debtor that, at the time such transaction is entered into, holds an air carrier operating certificate issued pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo.

It is a condition to each Trustee's obligations to purchase Equipment Notes with respect to each Aircraft that counsel to American provide an opinion to the Trustees that the Loan Trustee will be entitled to the benefits of Section 1110 with respect to the Airframe and Engines comprising the Aircraft originally subjected to the lien of the relevant Indenture. This opinion will be subject to certain qualifications and assumptions.

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

In certain circumstances following the bankruptcy or insolvency of American where the obligations of American under any Indenture exceed the value of the Collateral under such Indenture, post-petition interest will not accrue on the related Equipment Notes. In addition, to the extent that distributions are made to any Certificateholders, whether under the Intercreditor Agreement or from drawings on the Liquidity Facilities, in respect of amounts that would have been funded by post-petition interest payments on such Equipment Notes had such payments been made, there would be a shortfall between the claim allowable against American on such Equipment Notes after the disposition of the Collateral securing such Equipment Notes and the remaining balance of the Certificates. Such shortfall would first reduce some or all of the remaining claim against American available to the Trustees for the most junior classes.

If an Indenture Event of Default under any Indenture occurs and is continuing, any sums held or received by the related Loan Trustee may be applied to reimburse such Loan Trustee for any tax, expense or other loss incurred by it and to pay any other amounts due to such Loan Trustee prior to any payments to holders of the Equipment Notes issued under such Indenture. (Indentures, Section 3.03)

---

**Table of Contents**

*Operative Documents* means, with respect to any Indenture, such Indenture, the Equipment Notes issued thereunder, the related Participation Agreement and other operative documents referred to in such Indenture. (Indentures, Annex A)

**Modification of Indentures**

Without the consent of holders of a majority in principal amount of the Equipment Notes outstanding under any Indenture, the provisions of such Indenture and the related Equipment Notes and Participation Agreement may not be amended or modified, except to the extent indicated below.

In addition, any Indenture and any Equipment Notes may be amended without the consent of any Noteholder or any other beneficiaries of the security under such Indenture to, among other things, (i) evidence the succession of another person to American and the assumption by any such successor of the covenants of American contained in such Indenture and any of the other related Operative Documents; (ii) cure any defect or inconsistency in such Indenture or the Equipment Notes issued thereunder, or make any change not inconsistent with the provisions of such Indenture (*provided* that such change does not adversely affect the interests of any Noteholder or any other beneficiary of the security under such Indenture in its capacity solely as Noteholder or other beneficiary of the security under such Indenture, as the case may be); (iii) cure any ambiguity or correct any mistake; (iv) evidence the succession of a new trustee or the removal of a trustee, or facilitate the appointment of an additional or separate trustee pursuant to such Indenture; (v) convey, transfer, assign, mortgage or pledge any property to or with the Loan Trustee of such Indenture; (vi) make any other provisions or amendments with respect to matters or questions arising under such Indenture or such Equipment Notes or to amend, modify or supplement any provision thereof, *provided* that such action does not adversely affect the interests of any Noteholder or any other beneficiary of the security under such Indenture in its capacity solely as Noteholder or other beneficiary of the security under such Indenture, as the case may be; (vii) correct, supplement or amplify the description of any property at any time subject to the lien of such Indenture or assure, convey and confirm unto the Loan Trustee any property subject or required to be subject to the lien of such Indenture, or subject to the lien of such Indenture the applicable Airframe or Engines or any substitute Airframe or any replacement Airframe or replacement Engine; (viii) add to the covenants of American for the benefit of the Noteholders or any other beneficiary of the security under such Indenture or surrender any rights or powers conferred upon American under such Indenture; (ix) add to rights of the Noteholders or any other beneficiary of the security under such Indenture; (x) include on the Equipment Notes under such Indenture any legend as may be required by law or as may otherwise be necessary or advisable; (xi) comply with any applicable requirements of the Trust Indenture Act or any other requirements of applicable law or of any regulatory body; (xii) give effect to the replacement of a Liquidity Provider with a replacement liquidity provider and the replacement of a Liquidity Facility with a Replacement Facility and, if a Replacement Facility is to be comprised of more than one instrument, incorporate appropriate mechanics for multiple liquidity facilities for the applicable Trust; (xiii) give effect to the replacement of the Depositary with a Replacement Depositary and the agreements related thereto; (xiv) evidence the succession of a new escrow agent or a new paying agent under the Escrow Agreements pursuant thereto or the removal of the Escrow Agent or the Paying Agent thereunder; or (xv) provide for the issuance, in connection with a refinancing, of Series B Equipment Notes, or the issuance or successive redemption and issuance from time to time of one series of Additional Equipment Notes, and for the issuance of pass through certificates by any pass through trust that acquires any such Series B Equipment Notes or Additional Equipment Notes, and make changes relating to any of the foregoing (including, without limitation, to provide for any prefunding mechanism in connection therewith), and provide for any credit support for any pass through certificates relating to any such Series B Equipment Notes or Additional Equipment Notes (including, without limitation, to secure claims for fees, interest, expenses, reimbursement of advances and other obligations arising from such credit support



---

**Table of Contents**

(including, without limitation, to specify such credit support as a Liquidity Facility and the provider of any such credit support as a Liquidity Provider, and if such Liquidity Facility is to be comprised of more than one instrument, to incorporate appropriate mechanics for multiple liquidity facilities for a single pass through trust); *provided* that such Series B Equipment Notes or Additional Equipment Notes, as the case may be, are issued in accordance with the Note Purchase Agreement, the applicable Participation Agreement and the Intercreditor Agreement. See Possible Issuance of Additional Certificates and Refinancing of Certificates. (Indentures, Section 9.01)

Each Indenture provides that without the consent of the holder of each Equipment Note outstanding under such Indenture affected thereby, no amendment or modification of such Indenture may, among other things: (i) reduce the principal amount of, Make-Whole Amount (if any) or interest payable on any Equipment Notes issued under such Indenture; (ii) change the date on which any principal amount of, Make-Whole Amount (if any) or interest payable on any Equipment Note is due or payable; (iii) create any lien with respect to the Collateral subject to the lien of such Indenture prior to or *pari passu* with the lien of such Indenture, except as permitted by such Indenture, or deprive any holder of an Equipment Note issued under such Indenture of the benefit of the lien of such Indenture upon the related Collateral, except as provided in connection with the exercise of remedies under such Indenture, *provided* that, without the consent of each holder of an affected Related Equipment Note then outstanding, no such amendment, waiver or modification of terms of, or consent under, any thereof shall modify the provisions described in the last paragraph under Subordination or this clause (iii) or deprive any holder of a Related Equipment Note of the benefit of the lien of such Indenture upon the related Collateral, except as provided in connection with the exercise of remedies under such Indenture; or (iv) reduce the percentage in principal amount of outstanding Equipment Notes issued under such Indenture required to take or approve any action under such Indenture. (Indentures, Section 9.02(a))

**Indemnification**

American will indemnify each Loan Trustee, the Liquidity Providers, the Subordination Agent, the Escrow Agent, the Paying Agent, the escrow agent (if any) and paying agent (if any) with respect to the Additional Certificates, if issued, and each Trustee, but not, in any case, the holders of Certificates, for certain losses, claims and other matters. (Participation Agreements, Section 4.02) No Loan Trustee will be indemnified, however, for actions arising from its negligence or willful misconduct, or for the inaccuracy of any representation or warranty made in its individual capacity under an Indenture.

No Loan Trustee will be required to take any action or refrain from taking any action (other than notifying the Noteholders if it knows of an Indenture Event of Default or of a default arising from American's failure to pay when due principal, interest or Make-Whole Amount (if any) under any Equipment Note) unless it has received indemnification satisfactory to it against any risks incurred in connection therewith. (Indentures, Section 5.03)

**Certain Provisions of the Indentures**

Each of the Indentures will provide for the following with respect to the Aircraft, Airframe and Engines subject thereto.

***Maintenance and Operation***

American will be obligated, among other things and at its expense, to keep the Aircraft duly registered, and to maintain, service, repair, and overhaul the Aircraft (or cause the same to be done) so as to keep it in such condition as necessary to maintain the airworthiness certificate for the Aircraft



---

**Table of Contents**

in good standing at all times (other than during temporary periods of storage, maintenance, testing or modification, during periods of grounding by applicable governmental authorities, during periods when the FAA or other applicable aviation authority has revoked or suspended the airworthiness certificates for aircraft of the same manufacturer and model as the Aircraft, and except where failure to do so results in minor or nonrecurring violations with respect to which corrective measures are taken upon discovery thereof or to the extent American or any lessee is contesting in good faith the validity or application of any law or requirement relating to such certification in any manner that does not create a material risk of sale, loss or forfeiture of the Aircraft or the interest of the Loan Trustee therein). (Indentures, Section 7.02(a), (c) and (e))

American will agree not to maintain, use, service, repair, overhaul or operate the Aircraft in violation of any law, rule or regulation of any government having jurisdiction over the Aircraft, or in violation of any airworthiness certificate, license or registration relating to the Aircraft issued by such government, except immaterial or non-recurring violations with respect to which corrective measures are taken promptly by American or a lessee and except to the extent American (or any lessee) is contesting in good faith the validity or application of any such law, rule or regulation or airworthiness certificate, license or registration in any manner that does not involve any material risk of sale, forfeiture or loss of the Aircraft or impair the lien of the Indenture. (Indentures, Section 7.02(b))

American or any lessee must make (or cause to be made) all alterations, modifications, and additions to the Airframe and any Engine necessary to meet the applicable requirements of the FAA or any other applicable governmental authority of another jurisdiction in which the Aircraft may then be registered, except where failure to do so results in immaterial and non-recurring violations with respect to which corrective measures are being taken promptly by American or such lessee, and except for any requirement the validity or application of which is being contested in good faith by American or any lessee in any reasonable manner which does not materially adversely affect the Loan Trustee's interest in the Aircraft, does not impair the Loan Trustee's security interest or international interest in the Aircraft and does not involve any material risk of sale, forfeiture or loss of the Aircraft. American (or any lessee) may add further parts and make other alterations, modifications, and additions to the Airframe or any Engine as American (or any such lessee) may deem desirable in the proper conduct of its business, including, without limitation, removal (without replacement) of parts, so long as such alterations, modifications, additions, or removals do not materially diminish the value or utility of the Airframe or Engine below its value or utility immediately prior to such alteration, modification, addition, or removal (assuming the Airframe or Engine was maintained in accordance with the Indenture), except that the value (but not the utility) of the Airframe or Engine may be reduced from time to time by the value of any such parts which have been removed that American deems obsolete or no longer suitable or appropriate for use on the Airframe or Engine. American may also make alterations in the passenger configuration of the Aircraft. All parts (with certain exceptions) incorporated or installed in or added to the Airframe or Engine as a result of such alterations, modifications or additions will be subject to the lien of the Indenture. American (or any lessee) is permitted to remove (without replacement) parts that are in addition to, and not in replacement of or substitution for, any part originally incorporated or installed in or attached to the Airframe or Engine at the time of delivery thereof to American, as well as any part that is not required to be incorporated or installed in or attached to the Airframe or Engine pursuant to applicable requirements of the FAA or other jurisdiction in which the Aircraft may then be registered, or any part that can be removed without materially diminishing the requisite value or utility of the Aircraft. Such removable parts may be leased or financed by third parties other than the Loan Trustee. Notwithstanding the foregoing, American may install passenger convenience equipment owned by American or any lessee or by third parties and leased or otherwise furnished to American, and American may remove and not replace the same, so long as the installation of any such passenger convenience equipment does not impair or otherwise affect the rights and remedies of the Loan Trustee. (Indentures, Section 7.04(c))



---

**Table of Contents**

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

***Registration, Leasing and Possession***

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

In addition, any exercise of the right to repossess an Aircraft may be difficult, expensive and time-consuming, particularly when such Aircraft is located outside the United States or has been registered in a foreign jurisdiction or leased to or in possession of a foreign or domestic operator. Any such exercise would be subject to the limitations and requirements of applicable law, including the need to obtain consents or approvals for deregistration or re-export of such Aircraft, which may be subject to delays and political risk. When a defaulting lessee or other permitted transferee is the subject of a





---

**Table of Contents**

bankruptcy, insolvency, or similar event such as protective administration, additional limitations may apply. See Risk Factors Risks Relating to the Certificates and the Offering Repossession of Aircraft may be difficult, time-consuming and expensive.

In addition, some jurisdictions may allow for other liens or other third party rights to have priority over a Loan Trustee's security interest in an Aircraft to a greater extent than is permitted under United States law. As a result, the benefits of the related Loan Trustee's security interest in an Aircraft may be less than they would be if the Aircraft were located or registered in the United States.

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

***Liens***

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

*Transaction Documents* means, with respect to any Indenture, the related Operative Documents, together with each Pass Through Trust Agreement, the Note Purchase Agreement, each Deposit Agreement, each Escrow Agreement, the Intercreditor Agreement and each Liquidity Facility. (Indentures, Annex A)

***Replacement of Parts; Alterations***

Subject to certain limited exceptions, American is obligated to replace all parts at its expense that may from time to time be incorporated or installed in or attached to the Aircraft and that may become

S-115

---

**Table of Contents**

worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use. (Indentures, Section 7.04(a)) American or any permitted lessee has the right, at its own expense, to make such alterations, modifications and additions with respect to each Aircraft as it deems desirable in the proper conduct of its business, including removal (without replacement) of parts, so long as such alteration, modification or addition does not materially diminish the fair market value or utility of the related Aircraft or Engine (except that the value (but not the utility) of the Airframe or any Engine may be reduced by the value of any such parts that shall have been removed that American or such lessee deems obsolete or no longer suitable or appropriate for use on the Airframe or any Engine). (Indentures, Section 7.04(c))

***Insurance***

Subject to certain exceptions, American is required to maintain, at its expense (or at the expense of a lessee), all-risk aircraft hull insurance covering the Aircraft (including, without limitation, war risk and allied perils insurance if and to the extent the same is maintained by American (or any permitted lessee) with respect to other aircraft operated by American (or any permitted lessee) on same or similar routes), at all times in an amount not less than 110% of the aggregate outstanding principal amount of the Equipment Notes relating to the Aircraft. However, after giving effect to self-insurance permitted as described below, the amount payable under such insurance may be less than such amounts payable with respect to such Equipment Notes. If the Aircraft suffers an Event of Loss, insurance proceeds up to an amount equal to the outstanding principal amount of the Equipment Notes, together with accrued but unpaid interest thereon, plus an amount equal to the interest that will accrue on the outstanding principal amount of the Equipment Notes during the period commencing on the day following the date of payment of such insurance proceeds to the Loan Trustee and ending on the loss payment date (the sum of those amounts being, the *Loan Amount* ) will be paid to the Loan Trustee. If the Aircraft, the Airframe or any Engine suffers loss or damage not constituting an Event of Loss but involving insurance proceeds in excess of \$20,000,000 (in the case of a Boeing 777-323ER) or \$6,000,000 (in the case of an Airbus A319-112 or an Airbus A321-231), proceeds in excess of such specified amounts up to the Loan Amount will be payable to the Loan Trustee, and the proceeds up to such specified amounts and proceeds in excess of the Loan Amount will be payable directly to American unless there is a continuing Indenture Event of Default, in which event all insurance proceeds for any loss or damage to the Aircraft (or Engine) up to an amount equal to the Loan Amount will be payable to the Loan Trustee. So long as the loss does not constitute an Event of Loss, insurance proceeds will be applied to repair or replace the equipment. (Indentures, Section 7.06(b))

In addition, American is obligated to maintain or cause to be maintained aircraft liability insurance at its expense (or at the expense of a lessee), including, without limitation, bodily injury, personal injury and property damage liability insurance (exclusive of manufacturer's product liability insurance), and contractual liability insurance with respect to the Aircraft. Such liability insurance must be underwritten by insurers of recognized responsibility. The amount of such liability insurance coverage may not be less than the amount of aircraft liability insurance from time to time applicable to similar aircraft in American's fleet on which American carries insurance and operated by American on the same or similar routes on which the Aircraft is operated. (Indentures, Section 7.06(a))

American is also required to maintain (or cause a lessee to maintain) war risk and allied perils insurance if and to the extent the same is maintained by American or such lessee, as the case may be, with respect to other aircraft operated by American or such lessee, as the case may be, on the same or similar routes. (Indentures, Sections 7.06(a) and(b))

American may self-insure under a program applicable to all aircraft in its fleet, but the amount of such self-insurance in the aggregate may not exceed for any 12-month policy year 1% of the average aggregate insurable value (during the preceding policy year) of all aircraft on which American carries



---

**Table of Contents**

insurance, unless an insurance broker of national standing certifies that the standard among all other major U.S. airlines is a higher level of self-insurance, in which case American may self-insure the Aircraft to such higher level. In addition, American may self-insure to the extent of (i) any applicable deductible per occurrence that is not in excess of the amount customarily allowed as a deductible in the industry or is required to facilitate claims handling, or (ii) any applicable mandatory minimum per aircraft (or, if applicable, per annum or other period) liability insurance or hull insurance deductibles imposed by the aircraft liability or hull insurers. (Indentures, Section 7.06(c))

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

***Events of Loss***

If an Event of Loss occurs with respect to the Airframe or the Airframe and one or more Engines of an Aircraft, American must elect within 90 days after such occurrence (i) to replace the Airframe and any such Engines or (ii) to pay the Loan Trustee the outstanding principal amount of the Equipment Notes relating to the Aircraft together with accrued interest thereon, but without any premium. Depending upon American's election, not later than the first Business Day after the 120th day following the date of occurrence of such Event of Loss, American will (i) redeem the Equipment Notes under the Indenture by paying to the Loan Trustee the outstanding unpaid principal amount of such Equipment Notes, together with accrued interest thereon, but without any premium or (ii) substitute an airframe (or airframe and one or more engines, as the case may be), free and clear of all liens (other than certain permitted liens) for the Airframe, or Airframe and Engine(s), that suffered such Event of Loss. If American elects to replace the Airframe (or the Airframe and one or more Engines, as the case may be) that suffered such Event of Loss, it will do so with an airframe or airframe and engines of the same model as the Airframe or Airframe and Engines to be replaced or a comparable or improved model, and with a value and utility (without regard to hours or cycles) at least equal to the Airframe or Airframe and Engines to be replaced, assuming that such Airframe and such Engines were in the condition and repair required by the Indenture. American is also required to provide to the Loan Trustee opinions of counsel (i) to the effect that the Loan Trustee will be entitled to the benefits of Section 1110 with respect to the replacement airframe (unless, as a result of a change in law or governmental or judicial interpretation, such benefits were not available with respect to the Aircraft immediately prior to such replacement), and (ii) as to the due registration of the replacement aircraft, the due recordation of a supplement to the Indenture relating to such replacement aircraft, the registration of such replacement airframe with the International Registry under the Cape Town Treaty, if applicable, and the validity and perfection of the security interest granted to the Loan Trustee in the replacement airframe and engines as the case may be. If American elects not to replace the Airframe, or Airframe and Engine(s), then upon payment of the outstanding principal amount of the Equipment Notes issued with respect to the Aircraft, together with accrued but unpaid interest thereon (but without any premium), the lien of the Indenture will terminate with respect to the Aircraft, and the obligation of American thereafter to make the scheduled interest and principal payments with respect to such Equipment Notes will cease. The payments made under the Indenture by American will be deposited with the Loan Trustee. Amounts in excess of the amounts due and owing under the Equipment Notes issued with respect to the Aircraft will be distributed by the Loan Trustee to American. (Indentures, Sections 2.10, 3.02, 7.05(a) and 7.05(c))

If an Event of Loss occurs with respect to an Engine alone, American will be required to replace such Engine within 120 days after the occurrence of such Event of Loss with another engine, free and clear of all liens (other than certain permitted liens). In addition, American will have the right at any time to replace any Engine with another engine, free and clear of all liens (other than certain permitted

S-117

**Table of Contents**

liens). In each case, the replacement engine will be the same model as the Engine to be replaced, or a comparable or improved model of the same or another manufacturer, suitable for installation and use on the Airframe, and will have a value and utility (without regard to hours or cycles) at least equal to the Engine to be replaced, assuming that such Engine was in the condition and repair required by the terms of the Indenture. (Indentures, Sections 7.04(d) and 7.05(b))

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

the loss of such property or of the use thereof due to destruction, damage to such property beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;

any damage to such property that results in an insurance settlement with respect to such property on the basis of a total loss or a compromised or constructive total loss;

the theft, hijacking or disappearance of such property for a period exceeding 180 consecutive days;

the requisition for use of such property by any government (other than a requisition for use by the government of Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States or the government of the country of registry of the Aircraft) that results in the loss of possession of such property by American (or any lessee) for a period exceeding 12 consecutive months;

the operation or location of the Aircraft, while under requisition for use by any government, in an area excluded from coverage by any insurance policy required by the terms of the Indenture, unless American has obtained indemnity or insurance in lieu thereof from such government;

any requisition of title or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention (excluding requisition for use not involving a requisition of title) for any reason of the Aircraft, the Airframe, or any Engine by any government that results in the loss of title or use of the Aircraft, the Airframe or any Engine by American (or a permitted lessee) for a period in excess of 180 consecutive days;

as a result of any law, rule, regulation, order or other action by the FAA or other government of the country of registry, the use of the Aircraft or Airframe in the normal business of air transportation is prohibited by virtue of a condition affecting all aircraft of the same type for a period of 18 consecutive months, unless American is diligently carrying forward all steps that are necessary or desirable to permit the normal use of the Aircraft or Airframe or, in any event, if such use is prohibited for a period of three consecutive years; and

with respect to an Engine only, any divestiture of title to or interest in such Engine or, in certain circumstances, the installation of such Engine on an airframe that is subject to a conditional sale or other



security agreement or the requisition for use of by any government of such Engine not then installed on an Airframe.

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

If the Equipment Notes issued under the Indenture relating to an Aircraft are repaid in full in the case of an Event of Loss with respect to such Aircraft, the lien on such Aircraft under such Indenture will be released, and such Aircraft will not thereafter secure any other Equipment Notes. (Indentures, Section 7.05)

S-118

---

**Table of Contents****POSSIBLE ISSUANCE OF ADDITIONAL CERTIFICATES AND REFINANCING OF CERTIFICATES****Issuance of Additional Certificates**

American may elect to issue one additional series of equipment notes (the *Additional Equipment Notes* ) with respect to any Aircraft at any time, which Additional Equipment Notes will be funded from sources other than this offering but will be issued under the same Indenture as the Equipment Notes for such Aircraft. Any Additional Equipment Notes issued under an Indenture will be subordinated in right of payment to Series A Equipment Notes and Series B Equipment Notes issued under such Indenture. American will fund the sale of any Additional Equipment Notes through the sale of pass through certificates (the *Additional Certificates* ) issued by a single pass through trust (an *Additional Trust* ). (Intercreditor Agreement, Section 8.01(d))

The trustee of, and the liquidity provider (if any) for, any Additional Trust will become a party to the Intercreditor Agreement, and the Intercreditor Agreement will be amended by written agreement of American and the Subordination Agent to provide for the subordination of the Additional Certificates to the Administration Expenses, the Liquidity Obligations, the Class A Certificates and the Class B Certificates. The priority of distributions under the Intercreditor Agreement may be revised, however, with respect to Additional Certificates to provide for distribution of *Adjusted Interest* with respect to such Additional Certificates (calculated in a manner substantially similar to the calculation of Class B Adjusted Interest) after Class B Adjusted Interest, but before Expected Distributions on the Class A Certificates. (Intercreditor Agreement, Section 8.01(d))

Any such issuance of Additional Equipment Notes and Additional Certificates, and any such amendment of the Intercreditor Agreement (and any amendment of an Indenture in connection with such issuance), is contingent upon each Rating Agency providing written confirmation to the effect that such actions will not result in a withdrawal, suspension, or downgrading of the rating of any class of Certificates then rated by such Rating Agency and that remains outstanding. The issuance of Additional Equipment Notes and Additional Certificates in compliance with the foregoing conditions will not require the consent of any Trustee or any holders of any class of Certificates. (Intercreditor Agreement, Section 8.01(d))

**Refinancing of Certificates**

American may elect to redeem Series B Equipment Notes (or any series of Additional Equipment Notes) then outstanding and to issue new Equipment Notes with the same series designation as, but with terms that may be the same as or differ from, those of the redeemed Equipment Notes (any such new Equipment Notes, the *Refinancing Equipment Notes* ) in respect of all (but not less than all) of the Aircraft. In such case, American will fund the sale of such Refinancing Equipment Notes through the sale of pass through certificates (the *Refinancing Certificates* ) issued by a single pass through trust (each, a *Refinancing Trust* ).

The trustee of any Refinancing Trust will become a party to the Intercreditor Agreement, and the Intercreditor Agreement will be amended by written agreement of American and the Subordination Agent to provide for the subordination of the Refinancing Certificates to the Administration Expenses, the Liquidity Obligations, the Class A Certificates and, if applicable, the Class B Certificates in the same manner that the corresponding class of refinanced Certificates was subordinated. Such issuance of Refinancing Equipment Notes and Refinancing Certificates, and any such amendment of the Intercreditor Agreement (and any amendment of an Indenture in connection with such refinancing), is contingent upon each Rating Agency providing written confirmation to the effect that such actions will not result in a withdrawal, suspension, or downgrading of the rating of any class of Certificates then



**Table of Contents**

rated by such Rating Agency and that remains outstanding. The issuance of Refinancing Certificates in compliance with the foregoing conditions will not require the consent of any Trustee or any holders of any class of Certificates. (Intercreditor Agreement, Section 8.01(c))

**Additional Liquidity Facilities**

Refinancing Certificates in respect of refinanced Class B Certificates may have the benefit of credit support similar to the Liquidity Facilities or different therefrom and claims for fees, interest, expenses, reimbursement of advances and other obligations arising from such credit support may rank equally with similar claims in respect of the Liquidity Facilities, so long as the prior written consent of the Liquidity Providers shall have been obtained and each Rating Agency shall have provided written confirmation to the effect that such actions will not result in a withdrawal, suspension, or downgrading of the rating of any class of Certificates then rated by such Rating Agency and that remains outstanding. (Intercreditor Agreement, Section 8.01(c)(iii))

Additional Certificates and Refinancing Certificates in respect of refinanced Additional Certificates may have the benefit of credit support similar to the Liquidity Facilities or different therefrom (*provided* that claims for fees, interest, expenses, reimbursement of advances and other obligations arising from such credit support shall be subordinated to the Administration Expenses, the Liquidity Obligations, the Class A Certificates and the Class B Certificates), so long as the prior written consent of the Liquidity Providers shall have been obtained and each Rating Agency shall have provided written confirmation to the effect that such actions will not result in a withdrawal, suspension, or downgrading of the rating of any class of Certificates then rated by such Rating Agency and that remains outstanding. (Intercreditor Agreement, Sections 8.01(c)(iii) and 8.01(d)(iv))

---

Table of Contents**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES****General**

The following is a general discussion of material U.S. federal income tax consequences to Certificateholders of the purchase, ownership and disposition of the Certificates and the associated Escrow Receipts. Except as otherwise specified, the summary is addressed to beneficial owners of Certificates that are citizens or residents of the United States, corporations created or organized in or under the laws of the United States or any state therein or the District of Columbia, estates the income of which is subject to U.S. federal income taxation regardless of its source, or trusts if: (a) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person ( *U.S. Persons* ) that will hold the Certificates as capital assets ( *U.S. Certificateholders* ). This summary does not address the Medicare tax imposed on certain income or the tax treatment of U.S. Certificateholders that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or commodities, partnerships or other pass-through entities, holders subject to the mark-to-market rules, tax-exempt entities, holders that will hold Certificates as part of a straddle or holders that have a functional currency other than the U.S. Dollar, nor, except as otherwise specified, does it address the tax treatment of U.S. Certificateholders that do not acquire Certificates at the public offering price as part of the initial offering. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase Certificates. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States.

The summary is based upon the tax laws and practice of the United States as in effect on the date of this prospectus supplement, as well as judicial and administrative interpretations thereof (in final or proposed form) available on or before such date. All of the foregoing are subject to change, which change could apply retroactively. We have not sought any ruling from the U.S. Internal Revenue Service (the *IRS* ) with respect to the tax consequences described below, and we cannot assure you that the IRS will not take contrary positions. The Trusts are not indemnified for any U.S. federal, state, local or foreign income taxes that may be imposed upon them, and the imposition of any such taxes on a Trust could result in a reduction in the amounts available for distribution to the Certificateholders of such Trust. **Prospective investors should consult their own tax advisors with respect to the federal, state, local and foreign tax consequences to them of the purchase, ownership and disposition of the Certificates.**

**Tax Status of the Trusts**

Although there is no authority addressing the characterization of entities that are similar to the Trusts in all material respects, based upon an interpretation of analogous authorities and the terms of the transaction documents, all as in effect on the date hereof, each Trust will be classified for U.S. federal income tax purposes either as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Code or as a partnership, and will not be treated as a corporation or other entity taxable as a corporation.

Each Trust intends to file income tax returns and report to investors on the basis that it is a grantor trust. Except as set forth under *Taxation of Certificateholders Generally* *Trusts Classified as Partnerships* or as otherwise indicated below, the discussion below assumes that each Trust will be classified as a grantor trust. If a Trust is classified as a partnership for U.S. federal income tax purposes, it will not be classified as a publicly traded partnership taxable as a corporation provided that



---

**Table of Contents**

at least 90% of such Trust's gross income for each taxable year that it has existed is qualifying income (which is defined to include, among other things, interest income, gain from the sale or disposition of capital assets held for the production of interest income, and income derived with respect to a business of investing in securities). Income derived by each Trust from the Equipment Notes and the Deposits will constitute qualifying income, and each Trust therefore will meet the 90% test described above, assuming that such Trust operates in accordance with the terms of the applicable Pass Through Trust Agreement and the other agreements to which it is a party.

**Taxation of Certificateholders Generally*****Trusts Classified as Grantor Trusts***

Assuming that a Trust is classified as a grantor trust, a U.S. Certificateholder will be treated as owning its pro rata undivided interest in the relevant Deposits and each of the Equipment Notes held by the Trust, the Trust's contractual rights and obligations under the Note Purchase Agreement, and any other property held by the Trust. Accordingly, each U.S. Certificateholder's share of interest paid on Equipment Notes will be taxable as ordinary income, as it is paid or accrued, in accordance with such U.S. Certificateholder's method of accounting for U.S. federal income tax purposes. The Deposits will likely be subject to the short-term obligation rules, with the result that a U.S. Certificateholder using the cash method of accounting will be required to defer interest deductions with respect to debt incurred or continued to purchase or carry an interest in a Deposit unless the U.S. Certificateholder elects to include income from the Deposit using the accrual method of accounting. Any amounts received by a Trust under a Liquidity Facility in order to make interest payments will be treated for U.S. federal income tax purposes as having the same characteristics as the payments they replace.

Each U.S. Certificateholder will be entitled to deduct, consistent with its method of accounting, its pro rata share of fees and expenses paid or incurred by the corresponding Trust as provided in Section 162 or 212 of the Code. Certain fees and expenses, including fees paid to the Trustee and the Liquidity Provider, will be borne by parties other than the Certificateholders. It is possible that the payments related to such fees and expenses will be treated as constructively received by the Trust, in which event a U.S. Certificateholder will be required to include in income and will be entitled to deduct its pro rata share of such fees and expenses. If a U.S. Certificateholder is an individual, estate or trust, the deduction for such holder's share of such fees or expenses will be allowed only to the extent that all of such holder's miscellaneous itemized deductions, including such holder's share of such fees and expenses, exceed 2% of such holder's adjusted gross income. In addition, in the case of U.S. Certificateholders who are individuals, certain otherwise allowable itemized deductions will be subject generally to additional limitations on itemized deductions under applicable provisions of the Code.

***Trusts Classified as Partnerships***

If a Trust is classified as a partnership (and not as a publicly traded partnership taxable as a corporation) for U.S. federal income tax purposes, income or loss with respect to the assets held by the Trust will be calculated at the Trust level, but the Trust itself will not be subject to U.S. federal income tax. A U.S. Certificateholder would be required to report its share of the Trust's items of income and deduction on its tax return for its taxable year within which the Trust's taxable year (which should be a calendar year) ends as well as income from its interest in the relevant Deposits. A U.S. Certificateholder's basis in its interest in the Trust generally would be equal to its purchase price therefor including its share of any funds withdrawn from the Depositary and used to purchase Equipment Notes, plus its share of the Trust's net income, minus its share of any net losses of the Trust, and minus the amount of any distributions from the Trust. In the case of an original purchaser of a Certificate that is a calendar year taxpayer, income or loss generally should be the same as it would

S-122



## **Table of Contents**

be if the Trust were classified as a grantor trust, except that income or loss would be reported on an accrual basis even if the U.S. Certificateholder otherwise uses the cash method of accounting.

### **Effect of Reallocation of Payments under the Intercreditor Agreement**

In the event that any Trust (a *Subordinated Trust*, and its related pass through certificates being *Subordinated Certificates* ) receives less than the full amount of the interest, principal or premium paid with respect to the Equipment Notes held by it because of the subordination of the Equipment Notes held by the Trust under the Intercreditor Agreement, the corresponding owners of beneficial interests in the Subordinated Certificates ( *Subordinated Certificateholders* ) likely would be treated for federal income tax purposes as if they had:

received as distributions their full share of interest, principal or premium;

paid over to the relevant preferred class of certificateholders an amount equal to their share of the amount of the shortfall; and

retained the right to reimbursement of the amount of the shortfall to the extent of future amounts payable to them on account of the shortfall.

Under this analysis:

Subordinated Certificateholders incurring a shortfall would be required to include as current income any interest or other income of the Subordinated Trust that was a component of the shortfall, even though that amount was in fact paid to the relevant preferred class of certificateholders;

any resulting loss generally would only be allowed to Subordinated Certificateholders when their right to receive reimbursement of the shortfall becomes worthless (i.e., generally when it becomes clear that funds will not be available from any source to reimburse such loss); and

reimbursement of the shortfall before a claim of worthlessness would not be taxable income to the Subordinated Certificateholders because the amount reimbursed would have been previously included in income.

These results should not significantly affect the inclusion of income for Subordinated Certificateholders on the accrual method of accounting, but could accelerate inclusion of income to Subordinated Certificateholders on the cash method of accounting by, in effect, placing them on the accrual method.

### **Sale or Other Disposition of the Certificates**

Upon the sale, exchange or other disposition of a Certificate, a U.S. Certificateholder generally will recognize capital gain or loss equal to the difference between the amount realized on the disposition (except to the extent attributable to accrued interest, which will be taxable as ordinary income if not previously included in income, or to the associated

Escrow Receipt) and the U.S. Certificateholder's adjusted tax basis in the Note Purchase Agreement, Equipment Notes and any other property held by the corresponding Trust (not including the tax basis attributable to the associated Escrow Receipt). Any such gain or loss will be long-term capital gain or loss to the extent attributable to property held by the Trust for more than one year (except to the extent attributable to any property held by the Trust for one year or less).

Upon a sale, exchange or other disposition of a Certificate, a U.S. Certificateholder will also recognize gain or loss equal to the difference between the amount realized allocable to the associated

S-123

## **Table of Contents**

Escrow Receipt (which evidences such Certificateholder's interest in the associated Deposits) and the U.S. Certificateholder's adjusted tax basis attributable to the associated Escrow Receipt. The gain likely would be treated as ordinary interest income (and any such loss likely would, to the extent of cumulative net accruals on the associated Deposit, be treated as an ordinary loss).

Notwithstanding the foregoing, if a Trust is classified as a partnership, gain or loss with respect to a disposition of an interest in the Trust will be calculated and characterized by reference to the U.S. Certificateholder's adjusted tax basis and holding period for its interest in the Trust.

### **Foreign Certificateholders**

Subject to the discussion of backup withholding below, payments of principal, interest or premium on the Equipment Notes or the associated Deposits to, or on behalf of, any beneficial owner of a Certificate that is for U.S. federal income tax purposes a nonresident alien (other than certain former U.S. citizens or residents), foreign corporation, foreign trust, or foreign estate (a *non-U.S. Certificateholder*) will not be subject to U.S. federal income or withholding taxes, provided that:

such amount is not effectively connected with the conduct of a trade or business within the United States by the non-U.S. Certificateholder;

the non-U.S. Certificateholder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of American or the Depository, as the case may be, entitled to vote;

the non-U.S. Certificateholder is not a bank receiving interest pursuant to a loan agreement entered into in the ordinary course of its trade or business, or a controlled foreign corporation for U.S. tax purposes that is related to American or the Depository, as the case may be; and

certain certification requirements (including identification of the beneficial owner of the Certificate) are satisfied.

Subject to the discussion of backup withholding below, any gain (not including any amount treated as interest) realized upon the sale, exchange, retirement or other disposition of a Certificate or the related Escrow Receipt or upon receipt of premium paid on an Equipment Note by a non-U.S. Certificateholder will not be subject to U.S. federal income or withholding taxes if (i) such gain is not effectively connected with a U.S. trade or business of the holder and (ii) in the case of an individual, such holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition or receipt.

Prospective investors that are not U.S. Persons should consult their tax advisors regarding the income, estate and other tax consequences to them of the purchase, ownership and disposition of Certificates and the associated Escrow Receipt under U.S. federal, state, local and any other relevant law in light of their own particular circumstances.

### **Information Reporting and Backup Withholding**

Generally, the amount of interest paid on the Equipment Notes held in the applicable Trust or the associated Deposits to or on behalf of Certificateholders and the amount of tax, if any, withheld with respect to those payments will be reported annually to the IRS and to Certificateholders. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which a non-U.S. Certificateholder resides under the provisions of an applicable income tax treaty. In general, a Certificateholder will not be subject to backup withholding with respect to payments made on the Certificates or the associated Escrow Receipts, provided such

S-124

---

**Table of Contents**

Certificateholder complies with certain certification requirements (and, in the case of a non-U.S. Certificateholder, the recipient of such certification does not have actual knowledge or reason to know that the holder is a U.S. Person that is not an exempt recipient). In addition, a Certificateholder will be subject to information reporting and, depending on the circumstances, backup withholding with respect to payments of the proceeds of the sale of Certificates and Escrow Receipts within the United States or conducted through specified U.S.-related financial intermediaries, unless certain certification requirements are met (and, in the case of a non-U.S. Certificateholder, neither the recipient of such certification nor the relevant financial intermediary has actual knowledge or reason to know that the Certificateholder is a U.S. Person that is not an exempt recipient) or the Certificateholder otherwise establishes an exemption. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Certificateholder's U.S. federal income tax liability provided the required information is furnished in a timely manner to the IRS.

**Foreign Account Tax Compliance Act**

The Foreign Account Tax Compliance Act ( *FATCA* ), enacted on March 18, 2010, generally imposes a 30% withholding tax on withholdable payments made to foreign entities that fail to meet specified requirements.

Withholdable payments include, among others, U.S.-source interest and gross proceeds from the disposition of property that could produce U.S.-source interest. Certificateholders will not be indemnified directly or indirectly for the amount of any withholding taxes imposed under FATCA. If any withholding taxes reduce the amount payable to a Certificateholder, such Certificateholder should consult its tax advisor regarding whether refunds or credits of such tax are available.

The 30% FATCA withholding tax will apply (absent an applicable exemption) to U.S.-source interest income regardless of when such interest is paid. However, under the applicable Treasury Regulations and IRS guidance, the 30% FATCA withholding tax will only apply to gross proceeds from the disposition of property that could produce U.S.-source interest paid on or after January 1, 2017.

A foreign financial institution as defined under FATCA (an *FFI* ) that enters into and complies with an agreement with the IRS regarding certain information reporting and withholding under FATCA (or is otherwise exempt from, or compliant with, FATCA, including pursuant to an intergovernmental agreement) would be exempt from the FATCA withholding taxes. A person that receives payments through one or more FFIs may receive reduced payments on the Certificates as a result of FATCA withholding taxes if (i) one or more of such FFIs do not enter into such an agreement with the IRS, do not otherwise establish an exemption and are not otherwise compliant or exempt under an intergovernmental agreement, or (ii) such person is a recalcitrant account holder or itself an FFI described in clause (i). A non-U.S. Certificateholder that is not an individual or an FFI and not otherwise exempt may also be required to provide certain information (generally including satisfactory documentation to establish that it is not a U.S. person and has (i) no substantial United States owners (as defined in the Code) or (ii) substantial United States owners for which documentation is provided that indicates the name, address and U.S. taxpayer identification number for each such United States owner) in order to be exempt from FATCA withholding taxes.

Furthermore, non-U.S. governments may enter into agreement with the IRS to implement FATCA in a manner that alters the rules described herein. FATCA is particularly complex and its application to a Certificateholder is uncertain. Each Certificateholder should consult its own tax advisor regarding FATCA.

**Table of Contents**

**CERTAIN DELAWARE TAXES**

The Trustee of each Trust is a Delaware trust company headquartered in Delaware that will act through its corporate trust office in Delaware. Morris James LLP, special Delaware counsel to the Trustees, has advised American that, in its opinion, under currently applicable law, assuming that the Trusts will not be taxable as corporations, but, rather, will be classified as grantor trusts under subpart E, Part I of Subchapter J of the Code, or as a partnership under Subchapter K of the Code, (i) the Trusts will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of Delaware or any political subdivision thereof and (ii) the Certificate Owners that are not residents of or otherwise subject to tax in Delaware will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of Delaware or any political subdivision thereof as a result of purchasing, holding (including receiving payments with respect to) or selling a Certificate. Neither the Trusts nor the Certificate Owners will be indemnified for any state or local taxes imposed on them, and the imposition of any such taxes on a Trust could result in a reduction in the amounts available for distribution to the Certificate Owners of such Trust. In general, should a Certificate Owner or a Trust be subject to any state or local tax that would not be imposed if such Trust were administered in a different jurisdiction in the United States or if the Trustee were located in a different jurisdiction in the United States, the Trustee will either relocate the administration of such Trust to such other jurisdiction or resign and, in the event of such a resignation, a new Trustee in such other jurisdiction will be appointed.

---

**Table of Contents****CERTAIN ERISA CONSIDERATIONS****General**

A fiduciary of a retirement plan or other employee benefit plan or arrangement, including for this purpose an individual retirement account, annuity or Keogh plan, that is subject to Title I of ERISA, or Section 4975 of the Code (an *ERISA Plan* ), or such a plan or arrangement which is a foreign, church or governmental plan or arrangement exempt from Title I of ERISA and Section 4975 of the Code but subject to a foreign, federal, state, or local law which is substantially similar to the prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (each, a *Similar Law* ) (in each case, including an ERISA Plan, a *Plan* ), should consider whether an investment in the Certificates is appropriate for the Plan, taking into account the provisions of the Plan documents, the overall investment policy of the Plan and the composition of the Plan's investment portfolio, as there are imposed on Plan fiduciaries certain fiduciary requirements, including those of investment prudence and diversification and the requirement that a Plan's investments be made in accordance with the documents governing the Plan. Further, a fiduciary should consider the fact that in the future there may be no market in which such fiduciary would be able to sell or otherwise dispose of the Certificates.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and certain persons (referred to as *parties in interest* or *disqualified persons* ) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

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

**Plan Assets Issues**

The Department of Labor has promulgated a regulation, 29 CFR Section 2510.3-101, as modified by Section 3(42) of ERISA (the *Plan Asset Regulation* ), describing what constitutes the assets of an ERISA Plan with respect to the ERISA Plan's investment in an entity for purposes of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if an ERISA Plan invests (directly or indirectly) in a Certificate, the ERISA Plan's assets will include both the Certificate and an undivided interest in each of the underlying assets of the corresponding Trust, including the Equipment Notes held by such Trust, unless it is established that equity participation in the Trust by benefit plan investors (including but not limited to ERISA Plans and entities whose underlying assets include ERISA Plan assets by reason of an ERISA Plan's investment in the entity) is not significant within the meaning of the Plan Asset Regulation. In this regard, the extent to which there is equity participation in a particular Trust by, or on behalf of, benefit plan investors will not be monitored. If the assets of a Trust are deemed to constitute the assets of a Plan, transactions involving the assets of such Trust could be subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code or Similar Law unless a statutory or administrative exemption is applicable to the transaction. In addition, an Escrow Receipt will be affixed to each Certificate and will evidence an interest in the Deposits held in escrow by the Escrow Agent for the benefit of the related Certificateholders pending the financing of the Aircraft. The Deposits will not constitute property of the Trusts. Pending withdrawal of such Deposits in accordance with the applicable Deposit Agreement and Escrow Agreement and with the

S-127



**Table of Contents**

Note Purchase Agreement, the Deposits may be deemed plan assets subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code and Similar Law. Any person who exercises any authority or control with respect to the management or disposition of the assets of an ERISA Plan is considered to be a fiduciary of such ERISA Plan. A Trustee could, therefore, become a fiduciary of ERISA Plans that have invested in the Certificates and be subject to the general fiduciary requirements of ERISA in exercising its authority with respect to the management of the assets of the related Trust. If a Trustee becomes a fiduciary with respect to the ERISA Plans purchasing the Certificates, there may be an improper delegation by such ERISA Plans of the responsibility to manage ERISA Plan assets. In order to mitigate the possibility of such prohibited transactions, each investing ERISA Plan, by acquiring such Certificates (or an interest therein), will be deemed to have directed such Trustee to invest in the assets held in the related Trust pursuant to the terms and conditions described herein. Any ERISA Plan purchasing the Certificates should also ensure that any statutory or administrative exemption from the prohibited transaction rules on which such ERISA Plan relies with respect to its purchase or holding of the Certificates also applies to such ERISA Plan's indirect acquisition and holding of the assets of the related Trust.

**Prohibited Transaction Exemptions**

In addition, whether or not the assets of a Trust are deemed to be ERISA Plan assets under the Plan Asset Regulation, the fiduciary of a Plan that proposes to purchase and hold any Certificates should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between an ERISA Plan and a party in interest or a disqualified person or (iii) the transfer to, or use by or for the benefit of, a party in interest or a disqualified person, of any ERISA Plan assets. Such parties in interest or disqualified persons could include, without limitation, American, AAG, the Underwriters, the Trustees, the Liquidity Providers, the Loan Trustees, the Subordination Agent, the Escrow Agent, the Depository, the Paying Agent and their respective affiliates. Moreover, if Certificates are purchased by an ERISA Plan and the Certificates of a subordinate class are held by a party in interest or a disqualified person with respect to such ERISA Plan, the exercise by the holder of the subordinate class of Certificates of its right to purchase the Certificates upon the occurrence and during the continuation of certain events could be considered to constitute a prohibited transaction unless a statutory or administrative exemption were applicable. In addition, if a subordinate class of Certificates are purchased by an ERISA Plan and the senior Certificates are held by a party in interest or a disqualified person with respect to such ERISA Plan, the exercise by the holder of the subordinate class of Certificates of its right to purchase the Certificates upon the occurrence and during the continuation of certain events could be considered to constitute a prohibited transaction unless a statutory or administrative exemption were applicable. Depending on the satisfaction of certain conditions which may include the identity of the ERISA Plan fiduciary making the decision to acquire or hold Certificates on behalf of an ERISA Plan, Prohibited Transaction Class Exemption ( *PTCE* ) 91-38 (relating to investments by bank collective investment funds), *PTCE* 84-14 (relating to transactions effected by a qualified professional asset manager ), *PTCE* 95-60 (relating to investments by an insurance company general account), *PTCE* 96-23 (relating to transactions directed by an in-house asset manager) or *PTCE* 90-1 (relating to investments by insurance company pooled separate accounts) (collectively, the *Class Exemptions* ) could provide an exemption from some or all of the prohibited transaction restrictions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Certificates. Further, foreign, church or governmental plans or arrangements exempt from Title I of ERISA and Section 4975 of the Code may nevertheless be subject to Similar Law.

**Each person who acquires or accepts a Certificate or an interest therein will be deemed by such acquisition or acceptance to have (a) represented and warranted that either: (i) no assets**



**Table of Contents**

of a Plan or any trust established with respect to a Plan have been used to purchase or hold such Certificate or an interest therein or (ii) the purchase and holding of such Certificate or an interest therein by such person are exempt from the prohibited transaction restrictions of ERISA and the Code or provisions of Similar Law pursuant to one or more statutory or administrative exemptions, and (b) directed the Trustees to invest in the assets held in the Trusts pursuant to the terms and conditions described herein.

**Special Considerations Applicable to Insurance Company General Accounts**

Any insurance company proposing to purchase Certificates should consider the implications of the United States Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86, 114 S. Ct. 517 (1993), which in certain circumstances treats such general account assets as assets of an ERISA Plan that owns a policy or other contract with such insurance company, as well as the effect of Section 401(c) of ERISA as interpreted by regulations issued by the United States Department of Labor in January, 2000 (the *General Account Regulations*). The General Account Regulations should not, however, adversely affect the applicability of PTCE 95-60 to purchases of the Certificates by insurance company general accounts.

**EACH PLAN FIDUCIARY SHOULD CONSULT WITH ITS LEGAL ADVISOR CONCERNING THE POTENTIAL CONSEQUENCES TO THE PLAN UNDER ERISA, THE CODE OR SIMILAR LAW OF AN INVESTMENT IN ANY OF THE CERTIFICATES.**

**Table of Contents****UNDERWRITING**

Under the terms and subject to the conditions contained in the Underwriting Agreement, dated the date of this prospectus supplement (the *Underwriting Agreement*), the Underwriters named below have severally agreed with American to purchase from the Class A Trustee and Class B Trustee the following aggregate face amounts of the Class A Certificates and Class B Certificates, respectively:

<b>Underwriter</b>	<b>Face Amount of Class A Certificates</b>	<b>Face Amount of Class B Certificates</b>
Goldman, Sachs & Co.	\$	\$
Credit Suisse Securities (USA) LLC		
Deutsche Bank Securities Inc.		
Morgan Stanley & Co. LLC		
Citigroup Global Markets Inc.		
Merrill Lynch, Pierce, Fenner & Smith Incorporated		
Barclays Capital Inc.		
BNP Paribas Securities Corp.		
Credit Agricole Securities (USA) Inc.		
J.P. Morgan Securities LLC		
<b>Total</b>	<b>\$ 741,460,000</b>	<b>\$ 215,424,000</b>

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent (including that the Certificates have received certain credit ratings) and that the Underwriters will be obligated to purchase all of the Certificates, if any are purchased. The Underwriting Agreement provides that, if an Underwriter defaults on its purchase commitments, the purchase commitments of non-defaulting Underwriters may be increased or the offering of Certificates may be terminated. The offering of the Certificates by the Underwriters is subject to receipt and acceptance and subject to the Underwriters' right to reject any order in whole or in part.

The aggregate proceeds from the sale of the Certificates will be \$956,884,000. American will pay the Underwriters a commission of \$ . American estimates that its out of pocket expenses for the offering will be approximately \$2,000,000 (exclusive of the ongoing costs of the Liquidity Facilities and certain other ongoing costs).

The Underwriters propose to offer the Certificates to the public initially at the public offering prices on the cover page of this prospectus supplement and to selling group members at those prices less the concession set forth below. The Underwriters and selling group members may allow a discount to other broker/dealers set forth below. After the initial public offering, the public offering prices and concessions and discounts may be changed by the Underwriters.

<b>Pass Through Certificates</b>	<b>Concession to Selling Group Members</b>	<b>Discount to Brokers/Dealers</b>
Class A	%	%

Class B

%

%

The Certificates are a new issue of securities with no established trading market. Neither American nor any Trust intends to apply for listing of the Certificates on any securities exchange. American has been advised by one or more of the Underwriters that they presently intend to make a market in the Certificates, as permitted by applicable laws and regulations. No Underwriter is obligated, however, to make a market in the Certificates, and any such market-making may be discontinued at

S-130

**Table of Contents**

any time without notice, at the sole discretion of such Underwriter. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Certificates. See Risk Factors Risks Relating to the Certificates and the Offering Because there is no current market for the Certificates, you may have a limited ability to resell Certificates.

American has agreed to reimburse the several Underwriters for certain expenses and has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments which the several Underwriters may be required to make in respect thereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. From time to time in the ordinary course of their respective businesses, the Underwriters and certain of their affiliates have engaged, and in the future may engage, in investment and commercial banking or other transactions with American and its affiliates, including the provision of certain advisory services and the making of loans to American and its affiliates and serving as counterparties to certain hedging arrangements, including fuel and interest rate hedging arrangements. In particular, affiliates of Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Barclays Capital Inc. are lenders to American. In addition, an affiliate of Credit Agricole Securities (USA) Inc. is acting as the Depository and the Liquidity Provider for the Class A Certificates and the Class B Certificates in this Offering. The Underwriters and their affiliates have received, and in the future may receive, customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of American or its affiliates. The Underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

American expects that delivery of the Class A Certificates and the Class B Certificates will be made against payment therefor on or about the closing date specified on the cover page of this prospectus supplement, which will be the tenth business day following the date hereof (this settlement cycle being referred to as T+10). Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to the trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Class A Certificates and the Class B Certificates on a day prior to the third business day before the date of initial delivery of such Certificates will be required, by virtue of the fact that the Class A Certificates and the Class B Certificates initially will settle on a delayed basis, to specify an alternate settlement cycle at the time of any trade to prevent a failed settlement and should consult their own advisor.

## **Table of Contents**

The Underwriters may engage in over-allotment, stabilizing transactions, syndicate covering transactions, and penalty bids in accordance with Regulation M under the Exchange Act.

Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Syndicate covering transactions involve purchases of the Certificates in the open market after the distribution has been completed in order to cover syndicate short positions.

Penalty bids permit the Underwriters to reclaim a selling concession from a syndicate member when the Certificates originally sold by such syndicate member are purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.

Such over-allotment, stabilizing transactions, syndicate covering transactions, and penalty bids may cause the price of the Certificates to be higher than it would otherwise be in the absence of such transactions. None of American nor any Underwriter makes any representation or prediction as to the direction or magnitude of any effect that such transactions may have on the price of the Certificates. These transactions, if commenced, may be discontinued at any time. These transaction may be effected in the over-the-counter market or otherwise.

### **Selling Restrictions**

This prospectus supplement does not constitute an offer of, or an invitation by or on behalf of, us or the Underwriters to subscribe for or purchase any of the Certificates in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in that jurisdiction. The distribution of this prospectus supplement and the offering of the Certificates in certain jurisdictions may be restricted by law. We and the Underwriters require persons into whose possession this prospectus supplement comes to observe the following restrictions.

#### ***European Economic Area***

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a *Relevant Member State* ), each Underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the *Relevant Implementation Date* ) it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Certificates shall require the issuer or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Certificates to the public in relation to any Certificates in any Relevant Member State means the communication in any form and by any

S-132



## **Table of Contents**

means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

### ***United Kingdom***

Each Underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services Market Act 2000 ( "FSMA" )) received by it in connection with the issue or sale of the Certificates in circumstances in which Section 21(1) of the FSMA does not apply to American or AAG; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Certificates in, from or otherwise involving the United Kingdom.

### ***Hong Kong***

The Certificates may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Certificates may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

### ***Singapore***

Neither this prospectus supplement nor the accompanying prospectus has been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, none of this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates may be circulated or distributed, or may the Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA" ), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Certificates are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is

not an accredited investor) whose sole

S-133

**Table of Contents**

purpose is to hold investments and each beneficiary is an accredited investor, Certificates, debentures and units of Certificates and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Certificates under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

***Japan***

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the *Financial Instruments and Exchange Law* ) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

**Table of Contents**

**VALIDITY OF THE CERTIFICATES**

The validity of the Certificates is being passed upon for American by Latham & Watkins LLP, New York, New York, and for the Underwriters by Milbank, Tweed, Hadley & McCloy LLP, New York, New York. The respective counsel for American and the Underwriters will rely upon Morris James LLP, Wilmington, Delaware, counsel to Wilmington Trust Company, as to certain matters relating to the authorization, execution, and delivery of the Basic Agreement, each Trust Supplement and the Certificates, and the valid and binding effect thereof, and on the opinion of Latham & Watkins LLP, New York, New York, as to certain matters relating to the authorization, execution, and delivery of the Basic Agreement and each Trust Supplement by American.

**EXPERTS**

The consolidated financial statements and schedule of American appearing in American's Annual Report on Form 10-K for the year ended December 31, 2013, and the effectiveness of American's internal control over financial reporting as of December 31, 2013, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein and incorporated herein by reference, in reliance upon such reports given on the authority of said firm as experts in accounting and auditing.

To the extent that KPMG LLP audits and reports on financial statements of American issued at future dates, and consents to the use of its reports thereon, such financial statements also will be incorporated by reference in the registration statement in reliance upon its report and said authority.

The references to AISI, BK and MBA, and to their respective appraisal reports, are included herein in reliance upon the authority of each such firm as an expert with respect to the matters contained in its appraisal report.

**WHERE YOU CAN FIND MORE INFORMATION**

The SEC's rules allow us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, and subsequent information that we file with the SEC will automatically update and supersede that information. Any statement contained in a previously filed document incorporated by reference will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or replaces that statement.

We incorporate by reference our documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this prospectus and the termination of the offering of the securities described in this prospectus. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed below or filed in the future, that are not deemed filed with the SEC, including any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K or related exhibits furnished pursuant to Item 9.01 of Form 8-K.

This prospectus and any accompanying prospectus supplement incorporate by reference the documents set forth below that have previously been filed with the SEC:

American's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on February 28, 2014;

American's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014, filed with the SEC on April 24, 2014 and July 24, 2014, respectively; and

S-135

**Table of Contents**

American's Current Reports on Form 8-K and Current Reports on Form 8-K/A filed with the SEC on June 2, 2014, March 31, 2014, March 7, 2014, March 3, 2014 and January 23, 2014 (two filings).

You may request a free copy of any of the documents incorporated by reference in this prospectus (other than exhibits, unless they are specifically incorporated by reference in the documents) by writing or telephoning us at the following address:

Corporate Secretary

American Airlines, Inc.

4333 Amon Carter Blvd.

Fort Worth, Texas 76155

(817) 963-1234

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this prospectus and any accompanying prospectus supplement.

S-136

**Table of Contents****APPENDIX I****INDEX OF DEFINED TERMS**

The following is an index showing the page in this prospectus supplement where certain defined terms appear.

60-Day Period	S-62
AAG	iv
Actual Disposition Event	S-96
Additional Certificates	S-119
Additional Equipment Notes	S-119
Additional Holder Buyout Right	S-61
Additional Trust	S-119
Adjusted Interest	S-119
Administration Expenses	S-93
Aircraft	S-2
Airframe	S-99
AISI	S-3
American	iv
American Bankruptcy Event	S-91
AMR	iv
Applicable Fraction	S-94
Appraisal	S-92
Appraised Current Market Value	S-93
Appraisers	S-3
Assumed Aircraft Value	S-107
Assumed Amortization Schedule	S-56
ATC	S-30
Average Life Date	S-106
Bankruptcy Code	iv
Bankruptcy Court	S-1
Bankruptcy Plan	S-1
Base Rate	S-86
Basic Agreement	S-51
BK	S-3
Business Day	S-56
Cape Town Treaty	S-114
Cash Collateral Account	S-84
Cede	S-58
Certificate	iv
Certificate Account	S-55
Certificate Buyout Event	S-62
Certificate of Incorporation	v
Certificate Owner	S-72
Certificate Owners	S-72
Certificateholders	S-51

Certificates	iv
CFTC	S-23
Chapter 11 Cases	S-1
citizen of the United States	S-63

I-1



**Table of Contents**

Class A Certificateholders	S-51
Class A Certificates	S-51
Class A Trust	S-51
Class A Trustee	S-51
Class B Adjusted Interest	S-95
Class B Buyout Right	S-61
Class B Certificateholders	S-51
Class B Certificates	S-51
Class B Trust	S-51
Class B Trustee	S-51
Class Exemptions	S-128
Code	S-19
Collateral	S-54
Company	iv
company free writing prospectus	iii
Controlling Party	S-84
Credit Agricole CIB	S-78
Credit Facilities	S-27
Current Distribution Date	S-95
DAL	S-24
Debtors	S-1
Deemed Disposition Event	S-96
Defaulted Operative Indenture	S-104
Definitive Certificates	S-73
Delivery Period Event of Loss	S-76
Delivery Period Termination Date	S-101
Deposit	S-75
Deposit Agreement	S-75
Depositary	S-78
Depositary Threshold Rating	S-77
Deposits	S-75
Depreciation Assumption	S-107
Distribution Date	S-52
Dodd Frank Act	S-48
DOT	S-31
Downgrade Drawing	S-84
Downgrade Event	S-84
Drawing	S-86
DTC	S-58
DTC Participants	S-71
DTC Rules	S-72
EEA	S-36
Effective Date	iv
Eligible B Pool Balance	S-95
Engine	S-99
EPA	S-36
Equipment Note Special Payment	S-93
Equipment Notes	S-102

ERISA	S-19
ERISA Plan	S-127
Escrow Agent	S-79
Escrow Agreements	S-79

**Table of Contents**

Escrow Receipts	S-79
ETOPs	S-3
ETS	S-36
EU	S-31
Event of Loss	S-118
Excess Liquidity Obligations	S-91
Exchange Act	iv
Expected Distributions	S-95
FAA	S-1
FATCA	S-49
FFI	S-125
Final Distributions	S-90
Final Drawing	S-85
Final Legal Distribution Date	S-53
Final Termination Notice	S-88
Financial Instruments and Exchange Law	S-134
Fitch	S-77
FSMA	S-133
GDSs	S-31
General Account Regulations	S-129
Global Certificate	S-71
Guarantor	S-63
H.15(519)	S-105
holdback	S-28
ICAO	S-36
Indenture	S-102
Indenture Events of Default	S-108
Indenture Form	S-69
Indirect Participants	S-71
Intercreditor Agreement	S-89
Interest Drawings	S-82
Interim Restructuring Arrangement	S-92
Investment Company Act	S-48
IRS	S-121
Issuance Date	S-56
JBA	S-24
Libor	S-86
LIBOR	S-27
Liquidity Event of Default	S-88
Liquidity Expenses	S-94
Liquidity Facility	S-82
Liquidity Obligations	S-94
Liquidity Provider	S-82
Liquidity Threshold Rating	S-84
Loan Amount	S-116
Loan Trustee	S-102
Long-Term Rating	S-77

LTVs	S-4
Make-Whole Amount	S-105
Make-Whole Spread	S-105
Maximum Available Commitment	S-82

**Table of Contents**

Maximum Commitment	S-83
MBA	S-3
Merger	iv
Merger Agreement	iv
Merger Sub	iv
Minimum Sale Price	S-90
Mortgage Convention	S-114
most recent H.15(519)	S-106
NMB	S-29
NOL Carryforwards	v
NOLs	v
Non-Extension Drawing	S-85
Non-Extension Notice	S-85
non-U.S. Certificateholder	S-124
Note Purchase Agreement	S-68
Note Target Price	S-91
Noteholder	S-103
Operative Documents	S-111
OTAs	S-32
Outside Termination Date	S-2
Owner Trust Aircraft	S-3
Parent Guarantee	S-63
Participation Agreement	S-102
Participation Agreement Form	S-69
Pass Through Trust Agreements	S-51
Paying Agent	S-79
Paying Agent Account	S-55
PEB	S-29
Performing Equipment Note	S-83
Permitted Investments	S-60
Plan	S-127
Plan Asset Regulation	S-127
Pool Balance	S-56
Pool Factor	S-56
Post Default Appraisals	S-92
PTC Event of Default	S-62
PTCE	S-128
Rate Determination Notice	S-87
Rating Agencies	S-77
Receiptholder	S-79
Refinancing Certificates	S-119
Refinancing Equipment Notes	S-119
Refinancing Trust	S-119
Regular Distribution Dates	S-52
Related Equipment Notes	S-103
Relevant Implementation Date	S-132
Relevant Member State	S-132
Remaining Weighted Average Life	S-106

Replacement Depository	S-76
Replacement Facility	S-84
Required Amount	S-83
Required Terms	S-69

**Table of Contents**

Restructuring Arrangement	S-92
RLA	S-29
Scheduled Payments	S-53
SEC	vi
Section 1110	S-17
Section 1110 Period	S-83
Securities Act	iv
Series A Equipment Notes	S-102
Series B Equipment Notes	S-102
SFA	S-133
Similar Law	S-127
Special Distribution Date	S-54
	S-55
Special Payment	S-54
	S-55
Special Payments Account	S-55
Special Termination Drawing	S-85
Special Termination Notice	S-88
Standard & Poor's	S-77
Stated Interest Rate	S-53
Subordinated Certificateholders	S-123
Subordinated Certificates	S-123
Subordinated Trust	S-123
Subordination Agent	S-89
Termination Notice	S-88
Transaction Documents	S-115
Transportation Code	S-63
Treasury Yield	S-105
Triggering Event	S-54
Trust Indenture Act	S-64
Trust Property	S-51
Trust Supplement	S-51
Trustees	S-51
Trusts	S-51
TSA	S-32
U.S. Certificateholders	S-121
U.S. Person	S-121
Underwriters	iii
Underwriting Agreement	S-130
US Airways	S-46
US Airways Group	iv

**Table of Contents**

**APPENDIX II**  
**APPRAISAL LETTERS**



**Table of Contents**

**Mr. Greg Bristol**

**American Airlines**

**Senior Manager Treasury**

**4333 Amon Carter Blvd.**

**Fort Worth, TX 76155**

**Sight Unseen Half Life and**

**Maintenance Condition Adjusted Value Opinion**

**17 American Airlines Aircraft Portfolio**

**AISI File No.: A4S066BVO-03**

**Report Date: 28 August 2014**

**Values as of: 01 August 2014**

**Main Office: 1409 Peachtree Street, Suite 200, Atlanta, Georgia 30309**

**TEL: 404 870-AISI (2474) E-MAIL: mail@AISL.aero**

II-2

**Table of Contents**

28 August 2014

Mr. Greg Bristol

American Airlines

Senior Manager Treasury

4333 Amon Carter Blvd.

Fort Worth, TX 76155

Subject: AISI Report No. A4S066BVO-03 - Sight Unseen Half Life and Maintenance Condition Adjusted Value Opinion for 17 Selected American Airlines Aircraft Portfolio

Ref: (a) Email messages American Airlines to AISI, 04 - 28 August 2014

Dear Mr. Bristol:

Aircraft Information Services, Inc. (AISI) has been requested to offer our opinion of the 28 August 2014 sight unseen half life and maintenance condition adjusted values for a portfolio of 17 selected American Airlines aircraft as identified and defined in Table I and reference (a) above (the Aircraft ).

**1. Methodology and Definitions**

The standard terms of reference for commercial aircraft value are base value and current market value of an average aircraft. Base value is a theoretical value that assumes a hypothetical balanced market while current market value is the value in the actual market; both assume a hypothetical average aircraft condition. All other values are derived from these values. AISI value definitions are consistent with the current definitions of the International Society of Transport Aircraft Trading (ISTAT), those of 30 January 2013. AISI is a member of that organization and employs one ISTAT Certified Senior Appraiser and two ISTAT Certified Appraisers.

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

**Main Office: 1409 Peachtree Street, Suite 200, Atlanta, Georgia 30309**

**TEL: 404 870-AISI (2474) E-MAIL: mail@AISL.aero**



**Table of Contents**

28 August 2014

AISI File No. A4S066BVO-03

Page - 2 -

An average aircraft is an operable airworthy aircraft in average physical condition and with average accumulated flight hours and cycles, with clear title and standard unrestricted certificate of airworthiness, and registered in an authority which does not represent a penalty to aircraft value or liquidity, with no damage history and with inventory configuration and level of modification which is normal for its intended use and age.

Note that a stored aircraft is not an average aircraft. AISI assumes average condition unless otherwise specified in this report.

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

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

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

A new aircraft is an aircraft with no utilization, equipped with engines, buyer furnished equipment, seller furnished equipment and other equipment typical or required for the mission for which the aircraft is designed.

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

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

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

**Table of Contents**

28 August 2014

AISI File No. A4S066BVO-03

Page - 3 -

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

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

It should be noted that the values given are not directly additive, that is, the total of the given values is not the value of the fleet but rather the sum of the values of the individual aircraft if sold individually over time so as not to exceed demand.

2. **Valuations**

Adjustments from half life have been applied based on the current maintenance status of the Aircraft as indicated to AISI by the client in the above reference (a) data and in accordance with standard AISI methods. Adjustments are calculated only where there is sufficient information to do so, or where reasonable assumptions can be made, otherwise half life condition is assumed.

All hours and cycle information provided for airframe, gear, and engines have been projected from the maintenance status summary sheet dates to 01 August 2014 based on a daily utilization factor calculated for each aircraft. All maintenance work which became due as a result of projecting the hour and cycle information was assumed to have been completed and a new cycle started unless this would require more than one additional cycle, in which case half life was assumed.

It is our considered opinion that the sight unseen half life and maintenance condition adjusted values as of 01 August 2014 in August 2014 U.S. Dollars are as follows in Table I subject to the assumptions, definitions, and disclaimers herein.

**Table of Contents**

28 August 2014

AISI File No. A4S066BVO-03

Page - 4 -

**TABLE I**

AISI File A4S066BVO-03

Report Dated: 28 August 2014

Values as of: 01 August 2014

No	Type	Reg #	MSN	DOM	Engine	MTOW	Half Life	Maintenance Adjusted
							Base Value Aug-14 \$MUS Dollars	Base Value Aug-14 \$MUS Dollars
1	B777-300ER	N717AN	31543	Dec-12	GE90-115BL	775,000	135.51	154.88
2	B777-300ER	N718AN	41665	Dec-12	GE90-115BL	775,000	135.51	154.90
3	B777-300ER	N719AN	41668	Jan-13	GE90-115BL	775,000	141.87	161.46
4	B777-300ER	N726AN	31550	Dec-13	GE90-115BL	775,000	141.87	164.06
5	B777-300ER	N727AN	33541	Feb-14	GE90-115BL	775,000	144.80	167.66
6	A319-100	N8001N	5678	Jul-13	CFM56-5B7/3	166,400	37.99	43.15
7	A319-100	N9004F	5745	Aug-13	CFM56-5B7/3	166,400	37.99	43.22
8	A319-100	N4005X	5753	Aug-13	CFM56-5B7/3	166,400	37.99	43.20
9	A319-100	N9012	5810	Oct-13	CFM56-5B7/3	166,400	37.99	43.41
10	A319-100	N3014R	5842	Nov-13	CFM56-5B7/3	166,400	37.99	43.41
11	A321-200	N108NN	5946	Jan-14	V2533-A5 S1	206,100	46.66	52.15
12	A321-200	N110AN	5975	Feb-14	V2533-A5 S1	206,100	46.74	52.31
13	A321-200	N111ZM	5983	Feb-14	V2533-A5 S1	206,100	46.74	52.32
14	A321-200	N112AN	5991	Mar-14	V2533-A5 S1	206,100	46.82	52.43
15	A321-200	N113AN	6020	Mar-14	V2533-A5 S1	206,100	46.82	52.47
16	A321-200	N115NN	6063	May-14	V2533-A5 S1	206,100	46.97	52.74
17	A321-200	N117AN	6094	May-14	V2533-A5 S1	206,100	46.97	52.75

II-6

**Table of Contents**

28 August 2014

AISI File No. A4S066BVO-03

Page - 5 -

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

Sincerely,

***AIRCRAFT INFORMATION SERVICES, INC.***

Dave Miller

Certified Appraiser, International Society of Transport Aircraft Trading

Mark D. Halsor

Certified Appraiser, International Society of Transport Aircraft Trading

Fred Bearden

ISTAT Certified Senior Appraiser

**Table of Contents**

1295 Northern Boulevard

Manhasset, New York 11030

(516) 365-6272 Fax (516) 365-6287

August 27, 2014

Mr. Gregory Bristol

American Airlines, Inc.

4333 Amon Carter Blvd.

Fort Worth, TX 76155-2605

Dear Greg:

In response to your request, BK Associates, Inc. is pleased to provide our opinion regarding the half-time and maintenance adjusted base values (BV) for 17 aircraft (Aircraft) in the American Airlines fleet. The Aircraft include 5 B777-300ER, 5 A319-100 and 7 A321-200 aircraft in service with American Airlines. Our opinion of the values is included in the attached Figure 1 along with the identification of each aircraft by manufacturer's serial number, date of manufacture, engine model and maximum takeoff weight.

Our values presented in Figure 1 include both a half-time value as well as a maintenance-adjusted value, which includes appropriate financial adjustments based on our interpretation of the maintenance summary and fleet utilization data you provided. For some of the aircraft the value is artificially reduced to half-time since the aircraft is too new to have reached half-time. The adjustments are approximate, based on industry average costs, and normally would include an adjustment for the time remaining to a C check, time remaining to a D check (in this case they are referred to as the CC or MBV checks, as the case may be), time remaining to landing gear overhaul and time to APU overhaul. Engine adjustments are made for the expected time remaining to heavy shop visit and time remaining on life-limited parts. Since the engines are on condition rather than hard time between shop visits, we assume the industry average for shop visits and consider that the maximum adjustment.

**DEFINITIONS**

According to the International Society of Transport Aircraft Trading's (ISTAT) definition of base value, to which BK Associates subscribes, the base value is the Appraiser's opinion of the underlying economic value of an aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration



**Table of Contents**

Mr. Gregory Bristol

August 27, 2014

Page 2

of its highest and best use. An aircraft's base value is founded in the historical trend of values and in the projection of future value trends and presumes an arms length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. The base value normally refers to a transaction involving a single aircraft. When multiple aircraft are acquired in the same transaction, the trading price of each unit may be discounted.

**MARKET DISCUSSION & METHODOLOGY**

As the definition implies, the base value is determined from long-term historical trends. BK Associates has accumulated a database of over 11,000 data points of aircraft sales that occurred since 1970. From analysis of these data we know, for example, what the average aircraft should sell for as a percentage of its new price, as well as the high and low values that have occurred in strong and weak markets.

For a new or nearly new aircraft, almost by definition, the new price determines the market value and, unless there are undelivered "white tails", the market value is equal to the base value. In fact, if there were no aircraft currently advertised as being available for sale or lease or in storage, we believe the market would be strong enough that the CMV is equal to the BV.

Current values are normally based on comparison to recent sales of comparable equipment. Unfortunately, there have been few recent transactions involving comparable equipment for which the price was publicly divulged. For some years now the major airlines and other aviation industry entities in the United States have claimed, with support of the government and the courts that the realizations in their aircraft sales should be kept confidential. Prior to that, all transactions of U.S. carriers were reported to the Department of Transportation and the prices were available to the public. Now we are aware of values that are occasionally reported in the press, or when we are involved in the transaction or when our industry contacts share the prices of recent transactions. Equipment manufacturers also share with us confidential cost data related to their products. We are not aware of any publicly disclosed sales of similar equipment to that subject of this appraisal.

Based on these sources, we believe the current new price or fair market value and base value for these aircraft is as follows:

**Table of Contents**

Mr. Gregory Bristol

August 27, 2014

Page 3

B777-300ER	\$169,700,000
A319-100	\$35,350,000
A321-200	\$53,050,000

Actually, in the case of the B777-300ER with 473 in service, 240 more on order and none listed currently as being available for sale, we believe the current market value given above is slightly higher than the base value of \$168,000,000.

These values given above represent the current value.

An appropriate methodology for determining the value of nearly new aircraft is to start with the new value and subtract an allowance for the time/cycles accumulated to date. This plus the artificial reduction to half-time results in the half-time values shown in Figure 1.

These half-time values are then adjusted to reflect the current maintenance status on the airframe and engines.

**ASSUMPTIONS & DISCLAIMER**

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

BK Associates, Inc. has no present or contemplated future interest in the Aircraft, nor any interest that would preclude our making a fair and unbiased estimate. This appraisal represents the opinion of BK Associates, Inc. and reflects our best judgment based on the information available to us at the time of preparation and the time and budget constraints imposed by the

**Table of Contents**

Mr. Gregory Bristol

August 27, 2014

Page 4

client. It is not given as a recommendation, or as an inducement, for any financial transaction and further, BK Associates, Inc. assumes no responsibility or legal liability for any action taken or not taken by the addressee, or any other party, with regard to the appraised equipment. By accepting this appraisal, the addressee agrees that BK Associates, Inc. shall bear no such responsibility or legal liability. This appraisal is prepared for the use of the addressee and shall not be provided to other parties without the express consent of the addressee.

Sincerely,

BK ASSOCIATES, INC.

John F. Keitz

President

ISTAT Senior Certified Appraiser and Appraiser Fellow

JFK/kf

Attachment

II-11

**Table of Contents****FIGURE I****AMERICAN AIRLINES, INC.****2014 EETC****PORTFOLIO**

ITEM	ACFT TYPE	REGISTRATION	SERIAL NUMBER	DOM	ENGINE	MTOW (LBS)	HALFTIME	MTC	MTC ADJ D
							BV (\$ MIL)	ADJM T (\$ MIL)	BV (\$ MIL)
1	B777-300ER	N717AN	30796	December-12	GE90-115	775,000	149.55	12.342	161.89
2	B777-300ER	N718AN	30797	December-12	GE90-115	775,000	149.55	12.386	161.94
3	B777-300ER	N719AN	30798	January-13	GE90-115	775,000	151.25	12.564	163.81
4	B777-300ER	N726AN	30799	December-13	GE90-115	775,000	153.45	14.247	167.70
5	B777-300ER	N727AN	30800	February-14	GE90-115	775,000	153.65	14.629	168.28
6	A319-100	N8001N	30805	July-13	CFM56-5B7	166,400	29.40	5.879	35.28
7	A319-100	N9004F	30808	August-13	CFM56-5B7	166,400	29.40	5.924	35.32
8	A319-100	N4005X	30809	August-13	CFM56-5B7	166,400	29.40	5.911	35.31
9	A319-100	N9012	30810	October-13	CFM56-5B7	166,400	29.65	5.914	35.56
10	A319-100	N3014R	30811	November-13	CFM56-5B7	166,400	29.65	6.074	35.72
11	A321-200	N108NN	30812	January-14	V2533-A5	206,100	46.65	5.445	52.09
12	A321-200	N110AN	30813	February-14	V2533-A5	206,100	46.65	5.512	52.16
13	A321-200	N111ZM	30814	February-14	V2533-A5	206,100	46.65	5.521	52.17
14	A321-200	N112AN	30815	March-14	V2533-A5	206,100	46.65	5.562	52.21
15	A321-200	N113AN	30816	March-14	V2533-A5	206,100	46.65	5.580	52.23
16	A321-200	N115NN	30817	May-14	V2533-A5	206,100	46.85	5.691	52.54
17	A321-200	N117AN	30818	May-14	V2533-A5	206,100	46.85	5.704	52.55

**Table of Contents**

**Desktop Appraisal of:**

Seventeen (17) Various Aircraft

**Client:**

American Airlines

**Date:**

August 27, 2014

**Washington D.C.**

2101 Wilson Boulevard

Suite 1001

Arlington, Virginia 22201

Tel: 1 703 276 3200

Fax: 1 703 276 3201

**Frankfurt**

Herriotstrasse 1

60528 Frankfurt

Germany

Tel: 49 60 (0) 81587 081

**Singapore**

Ocean Financial Centre

10 Collyer Quay

Level 40, Suite 5

Singapore 049315

Tel: 65 6808 6097



**Table of Contents****I. Introduction and Executive Summary****Table of Contents:**

I.	<u>Introduction and Executive Summary</u>	Page	1
II.	<u>Definitions</u>	Page	2
III.	<u>Current Market Conditions</u>	Page	3
IV.	<u>Valuation</u>	Page	24
V.	<u>Covenants</u>	Page	27

**Morten Beyer & Agnew ( mba )** has been retained by American Airlines (the Client ) to provide a Desktop Appraisal to determine the Half-Time Current Base Values of seventeen (17) various aircraft ( Subject Aircraft ), as of August 2014. The aircraft are fully identified in Section IV of this report.

In performing this appraisal, mba relied on industry knowledge and intelligence, confidentially obtained data points, its market expertise and current analysis of market trends and conditions, along with value information from its semiannual publication **Future Aircraft Values ( FAV ) Jet Transport Plus, July 2014**.

Based on the information set forth in this report, it is our opinion that the total Half-Time Current Values of the aircraft in this portfolio are as follows and as set forth in Section IV.

	<b>Current Base Value (US\$)</b>
<b>(17) Aircraft Total</b>	<b>\$ 1,332,790,000</b>

Section II of this report presents definitions of various terms, such as Current Base Value as promulgated by the Appraisal Program of the International Society of Transport Aircraft Trading (ISTAT). ISTAT is a non-profit association of management personnel from banks, leasing companies, airlines, manufacturers, brokers, and others who have a vested interest in the commercial aviation industry and who have established a technical and ethical certification program for expert appraisers.

---

**Table of Contents****II. Definitions*****Desktop Appraisal***

A desktop appraisal is one which does not include any inspection of the aircraft or review of its maintenance records. It is based upon assumed aircraft condition and maintenance status or information provided to the appraiser or from the appraiser's own database. A desktop appraisal would normally provide a value for a mid-time, mid-life aircraft (ISTAT Handbook).

***Base Value***

ISTAT defines Base Value as the Appraiser's opinion of the underlying economic value of an aircraft, engine, or inventory of aircraft parts/equipment (hereinafter referred to as the asset), in an open, unrestricted, stable market environment with a reasonable balance of supply and demand. Full consideration is assumed of its highest and best use. An asset's Base Value is founded in the historical trend of values and in the projection of value trends and presumes an arm's-length, cash transaction between willing, able, and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. In most cases, the Base Value of an asset assumes the physical condition is average for an asset of its type and age. It further assumes the maintenance time/life status is at mid-time, mid-life (or benefiting from an above-average maintenance status if it is new or nearly new, as the case may be). Since Base Value pertains to a somewhat idealized asset and market combination it may not necessarily reflect the actual current value of the asset in question, but is a nominal starting value to which adjustments may be applied to determine an actual value. Because it is related to long-term market trends, the Base Value definition is commonly applied to analyses of historical values and projections of residual values.

**Qualifications**

mba is a recognized provider of aircraft and aviation-related asset appraisals and inspections. mba and its principals have been providing appraisal services to the aviation industry for over 20 years; and its employees adhere to the rules and ethics set forth by the International Society of Transport Aircraft Trading (ISTAT). mba's clients include most of the world's major airlines, lessors, financial institutions, and manufacturers and suppliers. mba maintains offices in Washington, Frankfurt, and Singapore.

mba publishes the semiannual *Future Aircraft Values* (FAV), a two-volume compendium of current and projected aircraft values for the next 20 years for over 150 types of jet, turboprop and cargo aircraft.

mba also provides consulting services to the industry relating to operations, marketing, and management with emphasis on financial/operational analysis, airline safety audits and certification, utilizing hands-on solutions to current situations. mba also provides expert testimony and witness support on cases involving collateral/asset disputes, bankruptcies, financial operations, safety, regulatory and maintenance concerns.

American Airlines



Job File #14085

Page 2 of 27

II-15

**Table of Contents**

**III. Current Market Conditions**

***General Market Observation 2nd Quarter 2014***

An essential consideration in any appraisal is market condition at the time the valuation is rendered. In this section, we describe market conditions associated with the valuation. The first part of the section provides a general market commentary highlighting current factors influencing aircraft values. The second part of the section contains the mba view of the current market situation for each aircraft type valued in this analysis.

Passenger demand and jet fuel prices are two of the most significant factors influencing commercial transport aircraft values. Increases in passenger demand have a positive impact while increases in fuel prices have a varying degree of impact depending on the technology level of the asset. There are many other considerations that drive values of a specific aircraft type and model, including age, number of operators, regional distribution, total number in use, production status, and order backlog, among others.

Passenger demand has been shown over the years to have a strong correlation with Gross Domestic Product ( GDP ). As shown in the following table, this correlation also extends to orders for new aircraft.

Underlying all of this is historical and future passenger growth, predicted to be on the order of 5.0% per year by manufacturers and government agencies alike. Passenger growth worldwide has been short of the 5.0% predictions in recent years but now appears to be back to the average. The International Air

American Airlines

Job File #14085

Page 3 of 27

II-16

**Table of Contents**

Transport Association ( IATA ) reports that as of February 2014, global passenger traffic showed demand growth of 5.4% compared to February 2013. Although this represented a slowdown compared to the January traffic increase of 8.2%, cumulative traffic growth for the first two months of 2014 was 6.9%, which compares favorably with the 5.2% overall growth achieved in 2013.

According to IATA, total air traffic year-to-date ( YTD ) rose 6.9% year-over-year as of the end of February 2014, with airlines in all world regions seeing growth. Middle Eastern carriers experienced the strongest rate of increase, up 15.1%. Asia/Pacific total air traffic was up 9.0%, while European air traffic showed a solid total growth of 6.7% compared to a year ago. Steady improvement in the Eurozone in both the manufacturing and services sectors has now reached rates not seen since the first half of 2013, according to JP Morgan. Air traffic growth was also strong in Latin America, up 6.7% YTD year-over-year, buoyed by solid trade growth and business-related travel. The outlook for Latin America remains broadly positive with growing economies such as Colombia, Peru, and Chile. North American carriers saw total traffic growth of 2.1%, while the African region experienced 0.8% growth.

Growth in air freight markets moderated in February 2014, rising 2.9% compared to a year ago, down from the 4.3% increase in January 2014, according to IATA. Combining the first two months of the year shows there has been a solid 3.6% gain in air cargo markets in 2014 compared to the same period one year ago; well above the 2013 overall growth of 1.4%. IATA believes the fundamental drivers of air freight remain broadly positive as they see continued rise, albeit slowly, in Freight Ton Kilometers ( FTK ). Of concern to aircraft values is the growing reliance on belly cargo which seems to be impacting the order books for purpose-built freighter aircraft. At the IATA Cargo Symposium in March 2014, Fred Smith, CEO of FedEx, noted there is currently overcapacity in the freighter market. He further noted that old, fuel inefficient platforms are out and low cost belly space is in. Then on April 7, 2014, the Leeham Company Newsletter, reporting on his comments, noted that the total order book for new-build widebody freighters in all of 2013 was negative eight and there were no widebody conversion orders received in 2013. One poor year of orders is not enough to drastically change forecasts and values, but this bears watching. The recent development regarding the proposed banning of the carriage of lithium-ion batteries in passenger aircraft belly space has potential to impact freight market growth.

The manufacturers' order books and delivery reports are remarkably healthy with all-time records for the year's deliveries for both Airbus and Boeing totaling 1,274 aircraft. For the year 2013, Airbus had a net total of 1,503 aircraft orders. For the same year, Airbus delivered 626 aircraft and has an eight-year backlog of 5,559. Boeing booked a net total of 1,355 orders during 2013, the second highest in company history. Boeing delivered a total of 648 aircraft during the year, leaving a backlog of 5,080 aircraft. This increased activity has resulted in both manufacturers giving signs of increased production rates in the 2017 time frame.

American Airlines

Job File #14085

Page 4 of 27

II-17

**Table of Contents**

Oil Prices are still considered to be volatile, a description that has been used since 2011. Lately the price per barrel of Brent Crude Oil seem to have settled to a narrow range over the past three years, fluctuating from US\$100.00 to US\$120.00 per barrel for Brent Crude.

Uncertainty seems to be a better descriptor of the current jet fuel market as the price of oil is subject to geopolitical tensions, and, as seen in the chart, can have very dramatic cost implications. The cutout for the past three years (shown to the right) indicates a relatively stable market with prices averaging US\$110.00 since January 2011 and dropping to average US\$108.00 in the 15 months since January 2013.

In general, we have a reasonably robust market for the industry. Operators are reporting profits, aircraft values are holding steady, and growth seems to be the consensus opinion for the long term.

American Airlines

Job File #14085

Page 5 of 27

II-18

**Table of Contents**

**A319-100 Current Market**

The A319-100 entered into service in 1996 with Swissair. This A320 family member is a shortened version of the A320 and is powered by the same engines and features roughly the same fuel capacity.

***Overview***

**Positive**

Member of highly successful A320 family; shares significant commonality with other variants.  
Operator base is diverse geographically and by number and type of operators.  
Low percentage of existing fleet currently parked.  
Wider fuselage than main competitor allows slightly increased passenger comfort and better cargo capacity in lower hold.

**Neutral**

Engine choice positive for initial sales campaigns, but can limit remarketing opportunities downstream.  
Introduction of A319neo variant delays clean sheet replacement, but will likely affect values of youngest A319ceo aircraft produced.

**Negative**

Recent backlog for A319 aircraft has shifted in favor of larger A320 family variants; backlog currently at lowest level in a decade.  
Backlog at A319 size fading in favor of A319neo, due to enter service in 2016.  
Lease rates have been under pressure recently, particularly for younger vintages, as major lessors are providing inventory at low lease rental factors to get their aircraft placed. Values of A319 and competing 737-700 have suffered more than their larger siblings.  
Fleet of IAE powered A319 aircraft is roughly one half the size of that powered by CFM fleet, which may limit remarketing opportunities for IAE powered A319s.

American Airlines

Job File #14085

Page 6 of 27

II-19

**Table of Contents**

There are 1,290 passenger configured aircraft in service with 124 operators.

<i><b>Fleet Status</b></i>	<b>A319</b>
Ordered	2,160
Cancelled/Transferred	761
Net Orders	1,399
Backlog	70
Delivered	1,329
Destroyed/Retired	11
Not in Service/Parked	28
Active Aircraft	1,290
Number of Operators	124
Average Daily Utilization (Hrs)	7.8
Average Fleet Age (Yrs)	9.37

Source: ACAS April 2014

The A319-100 fleet has grown steadily over the past ten years, essentially tripling during that time, and has also had a consistently low percentage of the existing fleet reported as parked. The chart below depicts A319-100 fleet development by year, as of January of each year.

American Airlines

Job File #14085

Page 7 of 27

II-20

**Table of Contents*****Recent Developments***

In June 2014, US operator Allegiant Air completed the purchase of 12 A319 aircraft which are currently on lease to a European carrier through 2018. Allegiant also announced it will purchase two A321s it currently is leasing and plans to purchase six more A319s from GECAS at the end of 2014 and through 2015 (Flightglobal).

In March 2014, Canada's latest start-up low-cost carrier, Jetlines, announced it will be launching service in the fall of 2014 with two A319 aircraft. The carrier will initially begin service in western Canada with plans to expand east (CAPA).

In March 2014, Greece's newest airline, Ellinair, announced it will begin charter services to Belarus, Russia and Ukraine with an A319 later in 2014 (Flightglobal).

In February 2014, Qatar Airways announced plans to increase service from Doha to London with a 40-seat all-business class A319 (CAPA).

In January 2014, Airbus revealed an order for 100 A320-family aircraft, of which 60 are for A320neo-family aircraft and the remaining 40 are for current engine A320-family aircraft. Seven of these 40 orders are for A319s (Flightglobal).

***Demographics & Availability***

The A319 is powered by either two CFM International CFM56 or two International Aero Engines (IAE) V2500 engines. CFM56-5B the most popular engine choice on the A319 and is valued as the base engine on the aircraft. In comparison the V2500-A5 engine and the CFM56-5A engines slightly lower the value of aircraft compared to the -5B.

**Airbus A319-100 Passenger Aircraft**

Engine	<i>Current Fleet by Engine Type</i>		Total	Total %
	In Service	Parked		
CFM56-5B	708	18	726	55.1%
V2500-A5	439	10	449	34.1%
CFM56-5A	143		143	10.8%
<b>Grand Total</b>	<b>1290</b>	<b>28</b>	<b>1318</b>	<b>100.0%</b>

Source: ACAS April 2014

American Airlines

Job File #14085

Page 8 of 27

II-21



**Table of Contents**

The largest active fleet percentage lies with European carrier, easyJet. This UK-based carrier operates 10.5% of the current fleet, a low percent which proves the type is spread diversely between carriers.

**Airbus A319-100 Passenger Aircraft**

<b>Operator</b>	<b>Current Fleet by Operator</b>		<b>Total</b>	<b>Total %</b>
	<b>In Service</b>	<b>Parked</b>		
easyJet	138		138	10.5%
US Airways	93		93	7.1%
Delta Air Lines	57		57	4.3%
United Airlines	55		55	4.2%
British Airways	44		44	3.3%
Germanwings	41		41	3.1%
Air France	41		41	3.1%
China Southern Airlines	40		40	3.0%
Frontier Airlines	35		35	2.7%
Lufthansa	32		32	2.4%
Air China	30		30	2.3%
Spirit Airlines	29		29	2.2%
TAM Linhas Aereas	26	2	28	2.1%
Air India	21	3	24	1.8%
Capital Airlines (China)	23		23	1.7%
All Others	585	23	608	46.1%
<b>Grand Total</b>	<b>1290</b>	<b>28</b>	<b>1318</b>	<b>100.0%</b>

Source: ACAS April 2014

Europe is the most popular region for the A319, with 42.6% of the current fleet based there. Two other significant regions are North America and the Pacific Rim.

**Airbus A319-100 Passenger Aircraft**

<b>Region</b>	<b>Current Fleet by Region</b>		<b>Total</b>	<b>Total %</b>
	<b>In Service</b>	<b>Parked</b>		
Europe	551	10	561	42.6%
North America	336	7	343	26.0%
Pacific Rim	212	3	215	16.3%

Edgar Filing: AMERICAN AIRLINES INC - Form 424B5

South America	121	4	125	9.5%
Africa	34		34	2.6%
Asia	25	4	29	2.2%
Middle East	11		11	0.8%
<b>Grand Total</b>	<b>1290</b>	<b>28</b>	<b>1318</b>	<b>100.0%</b>

Source: ACAS April 2014

American Airlines

Job File #14085

Page 9 of 27

II-22

**Table of Contents**

According to Airfax, as of August 2014, there are eight A319s available for sale or lease. This represents less than 1.0% of the total fleet.

American Airlines

Job File #14085

Page 10 of 27

II-23

**Table of Contents**

***Aircraft Ranking***

mba's Aircraft Ranking model takes into account numerous factors that affect an aircraft's market standing, on a scale specifically developed for each asset class. These ranking factors are individually weighted and compared against each other to develop mba's overall ranking score for each aircraft type, which is expressed in a scale of 1.00 to 10.00. The most prevalent aircraft configurations are used in the ranking analysis which can be further identified in mba's Future Aircraft Values Redbook publication or its web based valuation service, Redbook Online.

***Outlook***

The short- to mid-term outlook for the A319-100 is neutral, prior to Entry Into Service of the A319neo. The aircraft has a large fleet of aircraft, with a very low percentage of such parked. Additionally, the aircraft are relatively well dispersed by operator and by region. However, the preference of operators has skewed toward larger narrowbodies, with the smaller A319 and 737-700 not receiving as many orders lately. The order book for the A319-100 has declined to its lowest level in a decade, with many recent A320ceo family orders favoring larger variants in the family. Additionally, many new orders being placed now favor the A319neo variant. The mid and long term outlook will be shaped by the presumed success of the A319neo. While, not a true clean-sheet replacement, the modified variant represents a break in production and the last A319-100s manufactured will suffer the most from a value perspective. However, no technical obsolescence is expected for the foreseeable future as a result of the A319neo Entry Into Service. While the 737-700 will remain a successful competitor to the A319-100, the narrowbody market has certainly been able to accommodate large fleets of both types and we expect this to continue into the future.

American Airlines

Job File #14085

Page 11 of 27

II-24

## **Table of Contents**

### **A321-200 Current Market**

The A321 is a stretched version of the A320 and consists of two variants, the A321-100 and the A321-200. Apart from its longer fuselage, the A321 also features a modified wing with double slotted flaps and similar flight deck to the A319 and A320. The -200 features higher thrust engines and greater fuel capacity as well as minor structural strengthening. The first A321-200 flew in late 1996.

#### ***Overview***

##### **Positive**

- Largest member of highly successful A320 family.
- Strong backlog - currently at highest level in past decade.
- Operator base is diverse by number of operators relative to fleet size.
- Freighter conversion likely in future, once values make it economically feasible, providing downstream market for type.
- Very low percentage of existing fleet currently parked.
- Wider fuselage than main competitor allows slightly increased passenger comfort and better cargo capacity in lower hold.

##### **Neutral**

- Engine choice positive for initial sales campaigns, but can limit remarketing opportunities downstream; this effect mitigated by sheer number of aircraft in fleet.
- Introduction of A321neo variant delays clean sheet replacement, but will likely affect values of youngest A321ceo aircraft produced

##### **Negative**

- Backlog going forward will favor A321neo, due to enter service in 2017.
- Limited market penetration within important North American region.
- Significant fleet concentration geographically, with largest two regions home to almost three quarters of fleet.

American Airlines

Job File #14085

Page 12 of 27

II-25

**Table of Contents**

There are currently 820 A321-200 active aircraft with 78 operators.

<i>Fleet Status</i>	A321-200
Ordered	1,619
Cancelled/Transferred	313
Net Orders	1,306
Backlog	474
Delivered	832
Destroyed/Retired	3
Not in Service/Parked	9
Active Aircraft	820
Number of Operators	78
Average Daily Utilization (Hrs)	6.85
Average Fleet Age (Yrs)	6.3

Source: ACAS April 2014

The A321-200 fleet has grown steadily over the past ten years, quadrupling in size. The A321-200 has also had a relatively low percentage of the existing fleet reported as parked. The chart below depicts A321-200 fleet development by year, as of January of each year.

American Airlines

Job File #14085

Page 13 of 27

II-26

**Table of Contents*****Recent Developments***

In May 2014, TACA converted an A319 order to an A321 and Vueling converted five A320 orders to A321 aircraft (CAPA).

In March 2014, Aeroflot announced it will lease 13 A320-family aircraft, seven of which are A321s, from Aerospace International Group. The aircraft are anticipated for delivery between 2016 and 2017 (Flightglobal).

In March 2014, Transaero announced it will lease six A321s from ICBC, with the potential to lease up to 30 A321s in the next five years. Delivery of the six aircraft are anticipated from July 2015 to March 2016 (Flightglobal).

In February 2014, Turkish Airlines announced it chose International Aero Engines V2500 engine for its order of 25 A321s. Deliveries are anticipated for 2015 to 2017 (Flightglobal).

In January 2014, American Airlines premiered its new A321-200 three-class domestic aircraft with lay-flat seats in first class. American, which ordered ten A321 aircraft, received its first of the type in November 2013 and anticipates deliveries through September 2014 (Flightglobal, CAPA).

***Demographics & Availability***

The A321-200 is powered by either two CFM International CFM56 or two International Aero Engines ( IAE ) V2500 engines. Over half of the fleet is operated with V2500 engines and mba views the V2500-A5 as the baseline engine for type. mba distinguishes the V2533-A5 variant as a boost in value for the type.

## Airbus A321-200 Aircraft

*Current Fleet by Engine Type*

<b>Engine</b>	<b>In Service</b>	<b>Parked</b>	<b>Total</b>	<b>Total %</b>
V2500-A5	519	5	524	63.2%
CFM56-5B	295	4	299	36.1%
V2500-A1	6		6	0.7%
<b>Grand Total</b>	<b>820</b>	<b>9</b>	<b>829</b>	<b>100.0%</b>

Source: ACAS April 2014

Job File #14085

Page 14 of 27

II-27



**Table of Contents**

The largest active fleet percentage lies with US Airways with 11.5% of the total current fleet. China Southern Airlines is the second largest operator with 7.8%.

## Airbus A321-200 Aircraft

*Current Fleet by Operator*

<b>Operator</b>	<b>In Service</b>	<b>Parked</b>	<b>Total</b>	<b>Total %</b>
US Airways	95		95	11.5%
China Southern Airlines	65		65	7.8%
Vietnam Airlines	50		50	6.0%
Air China	43		43	5.2%
Lufthansa	42		42	5.1%
Turkish Airlines (THY)	42		42	5.1%
China Eastern Airlines	28		28	3.4%
Aeroflot Russian Airlines	26		26	3.1%
Monarch Airlines	24	1	25	3.0%
Asiana Airlines	22		22	2.7%
Sichuan Airlines	20		20	2.4%
Air France	20		20	2.4%
Air India	20		20	2.4%
British Airways	18		18	2.2%
Iberia	18		18	2.2%
All Others	287	8	295	35.6%
<b>Grand Total</b>	<b>820</b>	<b>9</b>	<b>829</b>	<b>100.0%</b>

Source: ACAS April 2014

Even with a North American carrier holding the largest A321-200 fleet, 40.7% of the fleet is concentrated in Europe and 33.7% in the Pacific Rim. Combined, the two regions account for almost three quarters of the total current fleet.

## Airbus A321-200 Aircraft

*Current Fleet by Region*

<b>Region</b>	<b>In Service</b>	<b>Parked</b>	<b>Total</b>	<b>Total %</b>
Europe	331	6	337	40.7%
Pacific Rim	279		279	33.7%
North America	127		127	15.3%
Middle East	38	1	39	4.7%
Asia	23		23	2.8%
South America	17		17	2.1%

Edgar Filing: AMERICAN AIRLINES INC - Form 424B5

Africa	5	1	6	0.7%
Unknown		1	1	0.1%
<b>Grand Total</b>	<b>820</b>	<b>9</b>	<b>829</b>	<b>100.0%</b>

Source: ACAS April 2014

American Airlines

Job File #14085

Page 15 of 27

II-28

**Table of Contents**

According to Airfax, as of August 2014 there are six A321-200s available for sale or lease.

American Airlines

Job File #14085

Page 16 of 27

II-29

**Table of Contents**

***Aircraft Ranking***

mba's Aircraft Ranking model takes into account numerous factors that affect an aircraft's market standing, on a scale specifically developed for each asset class. These ranking factors are individually weighted and compared against each other to develop mba's overall ranking score for each aircraft type, which is expressed in a scale of 1.00 to 10.00. The most prevalent aircraft configurations are used in the ranking analysis which can be further identified in mba's Future Aircraft Values Redbook publication or its web based valuation service, Redbook Online.

***Outlook***

The short- to mid-term outlook for the A321-200 is positive during the period prior to the introduction of the A321neo, and throughout the end of its production run. The aircraft currently has its largest order backlog in a decade, and the A321-200 should benefit from the fact that the A321neo will be the last of the major A320 family variants to enter service, scheduled for 2017. The aircraft seems to be well positioned in terms of passenger capacity vis-à-vis the current demand in the narrowbody sector, as orders have been trending toward the larger variants over smaller siblings. The order book for the A321-200 remains robust, although how much of this is due to lack of availability of the neo variant remains unclear.

As with the A320-200, the mid- and long-term outlook will be shaped by the presumed success of the A321neo. While not a true clean sheet replacement, the modified variant represents a break in production and the last A321-200s manufactured will suffer the most from a value perspective.

American Airlines

Job File #14085

Page 17 of 27

II-30

**Table of Contents**

The A321neo has been very popular with operators and holds 581 orders or 21.7% of the neo backlog, with the A320neo being the most popular of the family as of April 2014. The last off the line also affects the A321 similar to the A320. Airbus originally announced the production rate would remain steady at 44 aircraft a month during the switch from a ceo to neo production line, therefore the last off the line aircraft values may not being as heavily impacted. However, in March 2014 Airbus announced they were planning a production hike of Boeing has announced it will be ramping up production for the competitor to the neo, the 737MAX, from 42 currently to 47 per month in 2017, similar to when the NG s replaced the Classics. The last two years of production of the Classics depreciated in value at a significantly faster rate than earlier build aircraft. The A321ceo is likely to face the same dilemma with 2017 and 2018 build A320ceos, though Airbus claims keeping a steady production rate should help keep values steady.

While the earlier version of Boeing s 737-900 saw very limited success in the market, the 737-900ER of late has proven to be a strong competitor to the A321 aircraft, particularly in light of the end of production of the 757. While Boeing will surely continue to offer successful competitor aircraft to the A321-200, the narrowbody market has been able to accommodate fleets of both types and we expect this to continue into the future.

American Airlines

Job File #14085

Page 18 of 27

II-31

## **Table of Contents**

### **Boeing 777-300ER Current Market**

The widebody 777-300ER aircraft is a stretched version of its 777-200 and 777-200ER counterparts. With a stretched fuselage increasing passenger capacity, these aircraft are capable of transporting 63 additional passengers in a typical three class configuration or 110 additional passengers in a single class than their shorter siblings. The newer technology and operating economics of the 777 family have made it one of the most popular widebody aircraft families of all times.

#### ***Overview***

##### **Positive**

Healthy geographic distribution, particularly among the Pacific Rim and Middle East.

Sole-source engine which aids in remarketing and shares commonality with the 777-200LR.

Most popular widebody aircraft when looking at total orders. Operators of the 747-400 have in some cases opted to replace the 747 with the 777-300ER as the type offers similar capacity and greater range, as well as the benefits of twin engine fuel cost savings.

##### **Neutral**

Large lessor ownership of the aircraft could potentially shorten economic life.

##### **Negative**

Backlog for aircraft is in question from 2018 – 2020, as the aircraft only has deliveries to 2018 at the moment. Even assuming a reduced production rate is in the future, there is market speculation on whether values for the aircraft will be lowered to incentivize buyers later in the decade.

The A350-1000 may threaten the 777-300ER if the type delivers the promises it has made on range and fuel burn per passenger.

The 777X which was announced in December 2013 may impact orders for the current model and residual values, though the 777X is not anticipated to enter service until the end of the decade, assuming it is not delayed.

American Airlines

Job File #14085

Page 19 of 27

II-32

**Table of Contents**

According to ACAS, as of April 2014 there were 469 active 777-300ER aircraft with 34 operators.

<i>Fleet Status</i>	<i>777-300ER</i>
Ordered	755
Cancelled/Transferred	42
Net Orders	713
Backlog	244
Delivered	469
Destroyed/Retired	0
Not in Service/Parked	0
Active Aircraft	469
Number of Operators	34
Average Daily Utilization (Hrs)	10.67
Average Fleet Age (Yrs)	4.12
Source: ACAS April 2014	

***Recent Developments***

In August 2014, British Airways announced it declined any further commitments for the 777-300ER to replace its aging 747 fleet, instead opting to wait for the A350-1000 or 777X (Flightglobal).

In July 2014, All Nippon Airways ( ANA ) finalized an order for six 777-300ERs as part of an overall 40 aircraft deal with Boeing. The orders come alongside an order for 20 777-9X s and 17 787-9 aircraft (AviTrader).

In July 2014, Intrepid Aviation firmed an order for six 777-300ER aircraft with deliveries anticipated to begin in 2016 (Flightglobal).

In July 2014, Air Lease Corporation ordered six 777-300ER aircraft for delivery from 2016 through 2017 (Flightglobal).

In May 2014, Taiwanese operator Eva Airlines announced the 777-300ER would become the backbone of its fleet. The operator also announced plans to lease six additional of the type with deliveries anticipated between 2016 and 2017 (Flightglobal).

In February 2014, China Southern Airlines received its first of ten 777-300ERs, continuing the expanding fleet of the type in China. China Eastern and China Airlines will both also be receiving their first 777s later this year (CAPA).

American Airlines

Job File #14085





**Table of Contents****Demographics & Availability**

Emirates is the largest operator with approximately 19.8% of the current fleet. The next largest operator is Cathay Pacific, currently with 39 of the type.

**Boeing 777-300ER***Current Fleet by Operator*

<b>Operator</b>	<b>In Service</b>	<b>Parked</b>	<b>Total</b>	<b>Total % of Fleet</b>
Emirates Airline	93		93	19.8%
Cathay Pacific	39		39	8.3%
Air France	37		37	7.9%
Qatar Airways	25		25	5.3%
Singapore Airlines	22		22	4.7%
Etihad Airways	20		20	4.3%
ANA - All Nippon Airways	19		19	4.1%
Air China	18		18	3.8%
Air Canada	17		17	3.6%
EVA Air	15		15	3.2%
Japan Airlines	13		13	2.8%
Saudia	12		12	2.6%
Turkish Airlines (THY)	12		12	2.6%
Air India	12		12	2.6%
American Airlines	12		12	2.6%
Others	103		103	22.0%
<b>Grand Total</b>	<b>469</b>	<b>0</b>	<b>469</b>	<b>100.0%</b>

Source: ACAS April 2014

American Airlines

Job File #14085

Page 21 of 27

II-34

**Table of Contents**

Despite Emirates stronghold of the 777-300ER by operator, the Pacific Rim holds the greatest percentage of the 777-300ER fleet, with approximately 35.8% based in the region. However, following close behind is the Middle East with approximately 32.0% of the current fleet.

**Boeing 777-300ER**

Region	Current Fleet by Region		Total	Total % of Fleet
	In Service	Parked		
Pacific Rim	168		168	35.8%
Middle East	150		150	32.0%
Europe	71		71	15.1%
North America	29		29	6.2%
Asia	27		27	5.8%
Africa	14		14	3.0%
South America	10		10	2.1%
<b>Grand Total</b>	<b>469</b>	<b>0</b>	<b>469</b>	<b>100.0%</b>

Source: ACAS April 2014

According to Airfax, as of August 2014, there are no 777-300ER aircraft advertised as available for sale or lease. There has been little to no availability over the past year due to the high demand for the aircraft.

American Airlines

Job File #14085

Page 22 of 27

II-35

**Table of Contents**

***Aircraft Ranking***

mba's Aircraft Ranking model takes into account numerous factors that affect an aircraft's market standing, on a scale specifically developed for each asset class. These ranking factors are individually weighted and compared against each other to develop mba's overall ranking score for each aircraft type, which is expressed in a scale of 1.00 to 10.00. The most prevalent aircraft configurations are used in the ranking analysis which can be further identified in mba's Future Aircraft Values Redbook publication or its web based valuation service, Redbook Online.

***Outlook***

mba expects the market for the 777-300ER to remain firm in the short term. It is the best-selling model of the 777 family and orders continue to be placed for the type. As more are delivered the geographic and operator distribution of the type will widen even further, thus supporting the secondary market. In November 2013, Boeing officially launched the 777X due to the success of the current program, though it is not anticipated to enter flight until the beginning of the next decade, keeping values for the type strong for the time being. Based on the current 777-300ER backlog, there is three-year gap between the last off the line and the start of production for the 777X. mba would expect Boeing to slow the current production rate of 8.3 per month and/or to offer heavy discounts to aircraft delivered between 2017 and 2020 to keep the production line open. Should this occur, the values of those aircraft would likely be significantly less than the current values of the type, though previous vintages would not be affected. As the replacement aircraft and last off the line aircraft near, a shortening of the economic life for later vintage aircraft can be expected, as has happened with previous technological replacements.

American Airlines

Job File #14085

Page 23 of 27

II-36

**Table of Contents**

**IV. Valuation**

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

The principal assumptions for the aircraft in this portfolio are as follows:

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

American Airlines

Job File #14085

Page 24 of 27

II-37

**Table of Contents**

No.	Aircraft Type	Aircraft Portfolio			MTOW (lbs)	Engine Type	Operator
		Serial Number	Registration	Manufacture Date			
1	777-300ER	31543	N717AN	11-Dec-12	775,000	GE90-115	American Airlines
2	777-300ER	41665	N718AN	19-Dec-12	775,000	GE90-115	American Airlines
3	777-300ER	41668	N719AN	28-Jan-13	775,000	GE90-115	American Airlines
4	777-300ER	31550	N726AN	18-Dec-13	775,000	GE90-115	American Airlines
5	777-300ER	33541	N727AN	25-Feb-14	775,000	GE90-115	American Airlines
6	A319	5678	N8001N	22-Jul-13	166,400	CFM56-5B7	American Airlines
7	A319	5745	N9004F	19-Aug-13	166,400	CFM56-5B7	American Airlines
8	A319	5753	N4005X	26-Aug-13	166,400	CFM56-5B7	American Airlines
9	A319	5810	N9012	30-Oct-13	166,400	CFM56-5B7	American Airlines
10	A319	5842	N3014R	12-Nov-13	166,400	CFM56-5B7	American Airlines
11	A321-200	5946	N108NN	30-Jan-14	206,100	V2533-A5	American Airlines
12	A321-200	5975	N110AN	26-Feb-14	206,100	V2533-A5	American Airlines
13	A321-200	5983	N111ZM	28-Feb-14	206,100	V2533-A5	American Airlines
14	A321-200	5991	N112AN	17-Mar-14	206,100	V2533-A5	American Airlines
15	A321-200	6020	N113AN	26-Mar-14	206,100	V2533-A5	American Airlines
16	A321-200	6063	N115NN	2-May-14	206,100	V2533-A5	American Airlines
17	A321-200	6094	N117AN	14-May-14	206,100	V2533-A5	American Airlines

American Airlines

Job File #14085

Page 25 of 27

II-38

**Table of Contents**

Portfolio Valuations (\$US Million)											
No.	Aircraft Type	Serial Number	BV w/Newness	MTOW Adj.	Winglet Adj.	Engine Adj.	IFE Adj.	ACT Adj.	HT CBV	Mx. Adj. <sup>1</sup>	Mx. Adj. CBV
1	777-300ER	31543	\$150.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.04	\$0.00	\$150.04
2	777-300ER	41665	\$150.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.04	\$0.00	\$150.04
3	777-300ER	41668	\$150.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.82	\$0.00	\$150.82
4	777-300ER	31550	\$159.94	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$159.94	\$0.00	\$159.94
5	777-300ER	33541	\$161.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$161.11	\$0.00	\$161.11
6	A319	5678	\$34.69	\$0.57	\$0.40	\$0.20	\$0.35	\$0.00	\$36.21	\$0.00	\$36.21
7	A319	5745	\$34.89	\$0.57	\$0.40	\$0.20	\$0.35	\$0.00	\$36.41	\$0.00	\$36.41
8	A319	5753	\$34.89	\$0.57	\$0.40	\$0.20	\$0.35	\$0.00	\$36.41	\$0.00	\$36.41
9	A319	5810	\$35.30	\$0.57	\$0.40	\$0.20	\$0.35	\$0.00	\$36.82	\$0.00	\$36.82
10	A319	5842	\$35.50	\$0.57	\$0.40	\$0.20	\$0.35	\$0.00	\$37.02	\$0.00	\$37.02
11	A321-200	5946	\$51.75	\$0.49	\$0.60	\$0.60	\$0.35	\$0.00	\$53.79	\$0.00	\$53.79
12	A321-200	5975	\$51.85	\$0.49	\$0.60	\$0.60	\$0.35	\$0.00	\$53.89	\$0.00	\$53.89
13	A321-200	5983	\$51.85	\$0.49	\$0.60	\$0.60	\$0.35	\$0.00	\$53.89	\$0.00	\$53.89
14	A321-200	5991	\$51.96	\$0.49	\$0.60	\$0.60	\$0.35	\$0.00	\$54.00	\$0.00	\$54.00
15	A321-200	6020	\$51.96	\$0.49	\$0.60	\$0.60	\$0.35	\$0.00	\$54.00	\$0.00	\$54.00
16	A321-200	6063	\$52.16	\$0.49	\$0.60	\$0.60	\$0.35	\$0.00	\$54.20	\$0.00	\$54.20
17	A321-200	6094	\$52.16	\$0.49	\$0.60	\$0.60	\$0.35	\$0.00	\$54.20	\$0.00	\$54.20
<b>Total</b>			<b>\$1,310.91</b>	<b>\$6.28</b>	<b>\$6.20</b>	<b>\$5.20</b>	<b>\$4.20</b>	<b>\$0.00</b>	<b>\$1,332.79</b>	<b>\$0.00</b>	<b>\$1,332.79</b>

**Legend for Portfolio Valuation**

BV w/Newness -	Base Value adjusted for Month of Build
MTOW Adj. -	Maximum Take-Off Weight Adjustment
Winglet Adj. -	Adjustment for winglets/sharklets
Engine Adj. -	Adjustment for engine type
IFE Adj. -	Adjustment for In-Flight Entertainment
ACT Adj. -	Adjustment for Auxiliary Center Tank
HT CBV -	Half-Time Current Base Value
Mx. Adj. -	Maintenance Adjustments
Mx. Adj. CBV -	Maintenance Adjusted CBV

<sup>1</sup> For new aircraft, including all aircraft in this portfolio, Half-Time values take into account maintenance depreciation from Full-Life at delivery and Half-Time, and no adjustments are made for maintenance condition.

American Airlines

Job File #14085

Page 26 of 27

II-39



**Table of Contents**

**V. Covenants**

This report has been prepared for the exclusive use of American Airlines and shall not be provided to other parties by mba without the express consent of American Airlines. mba certifies that this report has been independently prepared and that it fully and accurately reflects mba's and the signatory's opinion of the values of the subject aircraft as requested. mba further certifies that it does not have, and does not expect to have, any financial or other interest in the subject or similar aircraft and engines. Neither mba nor the signatory has provided the OEMs of the airframe or engines with pro bono or paid consulting or advice in the design or development of the assets valued herein.

This report represents the opinion of mba of the values of the subject aircraft as requested and is intended to be advisory only, in nature. Therefore, mba assumes no responsibility or legal liability for any actions taken, or not taken, by American Airlines or any other party with regard to the subject aircraft and engine. By accepting this report, all parties agree that mba shall bear no such responsibility or legal liability.

**PREPARED BY:**

Sarah A. Smith  
Analyst - Valuations  
Morten Beyer & Agnew

August 28, 2014

**REVIEWED BY:**

Thomas E. Burke  
Managing Director - Valuations  
Morten Beyer & Agnew  
ISTAT Certified Appraiser

American Airlines

Job File #14085

Page 27 of 27

II-40

Table of Contents

## APPENDIX III

## SUMMARY OF APPRAISED VALUES

Aircraft Number	Delivery Month	MBA		Appraiser's Valuations BK				
		Base Value	Maintenance Adjustment	Maintenance Adjusted Base Value	Base Value	Maintenance Adjustment	Maintenance Adjusted Base Value	Base Value
N	December 2012	\$ 150,040,000	\$ 0	\$ 150,040,000	\$ 149,550,000	\$ 12,342,415	\$ 161,892,415	\$ 135,510,000
N	December 2012	150,040,000	0	150,040,000	149,550,000	12,385,795	161,935,795	135,510,000
N	January 2013	150,820,000	0	150,820,000	151,250,000	12,563,753	163,813,753	141,870,000
N	December 2013	159,940,000	0	159,940,000	153,450,000	14,247,469	167,697,469	141,870,000
N	February 2014	161,110,000	0	161,110,000	153,650,000	14,628,676	168,278,676	144,800,000
N	July 2013	36,210,000	0	36,210,000	29,400,000	5,878,779	35,278,779	37,990,000
F	August 2013	36,410,000	0	36,410,000	29,400,000	5,924,005	35,324,005	37,990,000
X	August 2013	36,410,000	0	36,410,000	29,400,000	5,911,329	35,311,329	37,990,000
C	October 2013	36,820,000	0	36,820,000	29,650,000	5,914,084	35,564,084	37,990,000
R	November 2013	37,020,000	0	37,020,000	29,650,000	6,074,224	35,724,224	37,990,000
N	January 2014	53,790,000	0	53,790,000	46,650,000	5,444,682	52,094,682	46,660,000
N	February 2014	53,890,000	0	53,890,000	46,650,000	5,511,782	52,161,782	46,740,000
M	February 2014	53,890,000	0	53,890,000	46,650,000	5,520,567	52,170,567	46,740,000
N	March 2014	54,000,000	0	54,000,000	46,650,000	5,562,204	52,212,204	46,820,000
N	March 2014	54,000,000	0	54,000,000	46,650,000	5,579,983	52,229,983	46,820,000
N	May 2014	54,200,000	0	54,200,000	46,850,000	5,691,391	52,541,391	46,970,000
N	May 2014	54,200,000	0	54,200,000	46,850,000	5,703,869	52,553,869	46,970,000
		<b>\$ 1,332,790,000</b>	<b>\$ 0</b>	<b>\$ 1,332,790,000</b>	<b>\$ 1,231,900,000</b>	<b>\$ 134,885,006</b>	<b>\$ 1,366,785,007</b>	<b>\$ 1,217,230,000</b>

III-1

**Table of Contents**

**APPENDIX IV**

The following tables set forth the loan to Aircraft value ratios for the Series A Equipment Notes and Series B Equipment Notes issued in respect of each Aircraft as of April 1, 2015 (the first Regular Distribution Date that occurs after the Outside Termination Date) and (ii) each Regular Distribution Date thereafter. With respect to each Aircraft, the LTVs for any Regular Distribution Date prior to April 1, 2015 are not included because April 1, 2015 is the first Regular Distribution Date to occur after the Outside Termination Date, which is the last date that the Aircraft may be subjected to the financing of this offering.

The LTVs for each Regular Distribution Date listed in such tables were obtained by dividing (i) the outstanding principal amount (assuming no payment default, purchase or early redemption) of such Equipment Notes, plus in the case of the Series B Equipment Notes, the outstanding balance of the Series A Equipment Notes assumed to be issued and outstanding under the relevant Indenture, determined immediately after giving effect to the payments scheduled to be made on each such Regular Distribution Date by (ii) the Assumed Aircraft Value on such Regular Distribution Date, calculated based on the Depreciation Assumption, of the Aircraft with respect to which such Equipment Notes were assumed to be issued and outstanding. See Description of the Aircraft and the Appraisals The Appraisals and Description of the Equipment Notes Security Loan to Value Ratios of Equipment Notes.

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

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

**Table of Contents****Boeing 777-323ER**

Date	N717AN				
	Assumed Aircraft Value	Series A		Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV
April 1, 2015	\$ 152,408,511	\$ 82,681,617	54.2%	\$ 23,592,837	69.7%
October 1, 2015	149,937,021	80,216,306	53.5%	22,460,566	68.5%
April 1, 2016	147,465,532	77,788,068	52.8%	21,353,009	67.2%
October 1, 2016	144,994,043	75,396,902	52.0%	20,270,167	66.0%
April 1, 2017	142,522,553	73,042,809	51.2%	19,212,040	64.7%
October 1, 2017	140,051,064	70,725,787	50.5%	18,178,628	63.5%
April 1, 2018	137,579,574	68,445,838	49.8%	17,169,931	62.2%
October 1, 2018	135,108,085	66,202,962	49.0%	16,185,949	61.0%
April 1, 2019	132,636,596	63,997,157	48.3%	14,895,090	59.5%
October 1, 2019	130,165,106	61,828,426	47.5%	13,641,303	58.0%
April 1, 2020	127,693,617	59,696,766	46.8%	12,424,589	56.5%
October 1, 2020	125,222,128	57,602,179	46.0%	11,244,947	55.0%
April 1, 2021	122,750,638	55,391,226	45.1%	10,255,816	53.5%
October 1, 2021	120,279,149	53,223,523	44.2%	9,297,578	52.0%
April 1, 2022	117,807,660	51,099,072	43.4%	8,370,234	50.5%
October 1, 2022	115,336,170	49,017,872	42.5%	0	0.0%
April 1, 2023	112,864,681	46,979,923	41.6%	0	0.0%
October 1, 2023	110,393,191	44,985,226	40.7%	0	0.0%
April 1, 2024	107,921,702	43,033,779	39.9%	0	0.0%
October 1, 2024	105,450,213	41,125,583	39.0%	0	0.0%
April 1, 2025	102,978,723	39,260,638	38.1%	0	0.0%
October 1, 2025	100,507,234	37,438,945	37.2%	0	0.0%
April 1, 2026	98,035,745	35,660,502	36.4%	0	0.0%
October 1, 2026	95,564,255	0	0.0%	0	0.0%

**Table of Contents**

Date	N718AN				
	Assumed Aircraft Value	Series A		Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV
April 1, 2015	\$ 152,428,191	\$ 82,692,294	54.2%	\$ 23,595,884	69.7%
October 1, 2015	149,956,383	80,226,665	53.5%	22,463,466	68.5%
April 1, 2016	147,484,574	77,798,113	52.7%	21,355,766	67.2%
October 1, 2016	145,012,766	75,406,638	52.0%	20,272,785	66.0%
April 1, 2017	142,540,957	73,052,241	51.2%	19,214,521	64.7%
October 1, 2017	140,069,149	70,734,920	50.5%	18,180,976	63.5%
April 1, 2018	137,597,340	68,454,677	49.7%	17,172,148	62.2%
October 1, 2018	135,125,532	66,211,511	49.0%	16,188,039	61.0%
April 1, 2019	132,653,723	64,005,422	48.2%	14,897,013	59.5%
October 1, 2019	130,181,915	61,836,410	47.5%	13,643,065	58.0%
April 1, 2020	127,710,106	59,704,475	46.7%	12,426,193	56.5%
October 1, 2020	125,238,298	57,609,617	46.0%	11,246,399	55.0%
April 1, 2021	122,766,489	55,398,378	45.1%	10,257,140	53.5%
October 1, 2021	120,294,681	53,230,396	44.3%	9,298,779	52.0%
April 1, 2022	117,822,872	51,105,671	43.4%	8,371,315	50.5%
October 1, 2022	115,351,064	49,024,202	42.5%	0	0.0%
April 1, 2023	112,879,255	46,985,990	41.6%	0	0.0%
October 1, 2023	110,407,447	44,991,035	40.7%	0	0.0%
April 1, 2024	107,935,638	43,039,336	39.9%	0	0.0%
October 1, 2024	105,463,830	41,130,894	39.0%	0	0.0%
April 1, 2025	102,992,021	39,265,708	38.1%	0	0.0%
October 1, 2025	100,520,213	37,443,779	37.3%	0	0.0%
April 1, 2026	98,048,404	35,665,107	36.4%	0	0.0%
October 1, 2026	95,576,596	0	0.0%	0	0.0%

**Table of Contents**

Date	N719AN				
	Assumed Aircraft Value	Series A		Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV
April 1, 2015	\$ 156,205,280	\$ 84,741,365	54.3%	\$ 24,180,577	69.7%
October 1, 2015	153,712,643	82,236,264	53.5%	23,026,154	68.5%
April 1, 2016	151,220,005	79,768,553	52.8%	21,896,657	67.2%
October 1, 2016	148,727,368	77,338,231	52.0%	20,792,086	66.0%
April 1, 2017	146,234,730	74,945,299	51.3%	19,712,442	64.7%
October 1, 2017	143,742,093	72,589,757	50.5%	18,657,724	63.5%
April 1, 2018	141,249,456	70,271,604	49.7%	17,627,932	62.2%
October 1, 2018	138,756,818	67,990,841	49.0%	16,623,067	61.0%
April 1, 2019	136,264,181	65,747,467	48.3%	15,302,467	59.5%
October 1, 2019	133,771,543	63,541,483	47.5%	14,019,258	58.0%
April 1, 2020	131,278,906	61,372,888	46.7%	12,773,438	56.5%
October 1, 2020	128,786,268	59,241,683	46.0%	11,565,007	55.0%
April 1, 2021	126,293,631	56,990,001	45.1%	10,551,833	53.5%
October 1, 2021	123,800,993	54,781,940	44.2%	9,569,817	52.0%
April 1, 2022	121,308,356	52,617,499	43.4%	8,618,959	50.5%
October 1, 2022	118,815,718	50,496,680	42.5%	0	0.0%
April 1, 2023	116,323,081	48,419,482	41.6%	0	0.0%
October 1, 2023	113,830,444	46,385,906	40.7%	0	0.0%
April 1, 2024	111,337,806	44,395,950	39.9%	0	0.0%
October 1, 2024	108,845,169	42,449,616	39.0%	0	0.0%
April 1, 2025	106,352,531	40,546,903	38.1%	0	0.0%
October 1, 2025	103,859,894	38,687,810	37.3%	0	0.0%
April 1, 2026	101,367,256	36,872,339	36.4%	0	0.0%
October 1, 2026	98,874,619	0	0.0%	0	0.0%

**Table of Contents**

Date	N726AN				
	Assumed Aircraft Value	Series A		Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV
April 1, 2015	\$ 161,364,633	\$ 87,540,314	54.2%	\$ 24,979,245	69.7%
October 1, 2015	158,830,110	84,974,109	53.5%	23,792,751	68.5%
April 1, 2016	156,295,587	82,445,922	52.8%	22,631,601	67.2%
October 1, 2016	153,761,064	79,955,753	52.0%	21,495,797	66.0%
April 1, 2017	151,226,541	77,503,602	51.3%	20,385,338	64.7%
October 1, 2017	148,692,018	75,089,469	50.5%	19,300,224	63.5%
April 1, 2018	146,157,495	72,713,354	49.7%	18,240,455	62.2%
October 1, 2018	143,622,972	70,375,256	49.0%	17,206,032	61.0%
April 1, 2019	141,088,449	68,075,177	48.3%	15,844,233	59.5%
October 1, 2019	138,553,926	65,813,115	47.5%	14,520,451	58.0%
April 1, 2020	136,019,403	63,589,071	46.7%	13,234,688	56.5%
October 1, 2020	133,484,880	61,403,045	46.0%	11,986,942	55.0%
April 1, 2021	130,950,357	59,091,349	45.1%	10,940,902	53.5%
October 1, 2021	128,415,834	56,824,006	44.3%	9,926,544	52.0%
April 1, 2022	125,881,311	54,601,019	43.4%	8,943,867	50.5%
October 1, 2022	123,346,788	52,422,385	42.5%	0	0.0%
April 1, 2023	120,812,265	50,288,105	41.6%	0	0.0%
October 1, 2023	118,277,742	48,198,180	40.8%	0	0.0%
April 1, 2024	115,743,219	46,152,608	39.9%	0	0.0%
October 1, 2024	113,208,696	44,151,391	39.0%	0	0.0%
April 1, 2025	110,674,173	42,194,528	38.1%	0	0.0%
October 1, 2025	108,139,650	40,282,019	37.2%	0	0.0%
April 1, 2026	105,605,127	38,413,865	36.4%	0	0.0%
October 1, 2026	103,070,603	0	0.0%	0	0.0%

**Table of Contents**

Date	N727AN				
	Assumed Aircraft Value	Series A		Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV
April 1, 2015	\$ 163,159,802	\$ 88,514,193	54.2%	\$ 25,257,137	69.7%
October 1, 2015	160,636,713	85,940,641	53.5%	24,063,380	68.5%
April 1, 2016	158,113,623	83,404,936	52.8%	22,894,853	67.2%
October 1, 2016	155,590,533	80,907,077	52.0%	21,751,557	66.0%
April 1, 2017	153,067,443	78,447,065	51.3%	20,633,491	64.7%
October 1, 2017	150,544,354	76,024,899	50.5%	19,540,657	63.5%
April 1, 2018	148,021,264	73,640,579	49.8%	18,473,054	62.2%
October 1, 2018	145,498,174	71,294,105	49.0%	17,430,681	61.0%
April 1, 2019	142,975,084	68,985,478	48.3%	16,056,102	59.5%
October 1, 2019	140,451,995	66,714,698	47.5%	14,719,369	58.0%
April 1, 2020	137,928,905	64,481,763	46.7%	13,420,482	56.5%
October 1, 2020	135,405,815	62,286,675	46.0%	12,159,442	55.0%
April 1, 2021	132,882,726	59,963,330	45.1%	11,102,352	53.5%
October 1, 2021	130,359,636	57,684,139	44.3%	10,076,800	52.0%
April 1, 2022	127,836,546	55,449,102	43.4%	9,082,787	50.5%
October 1, 2022	125,313,456	53,258,219	42.5%	0	0.0%
April 1, 2023	122,790,367	51,111,490	41.6%	0	0.0%
October 1, 2023	120,267,277	49,008,915	40.7%	0	0.0%
April 1, 2024	117,744,187	46,950,495	39.9%	0	0.0%
October 1, 2024	115,221,097	44,936,228	39.0%	0	0.0%
April 1, 2025	112,698,008	42,966,115	38.1%	0	0.0%
October 1, 2025	110,174,918	41,040,157	37.3%	0	0.0%
April 1, 2026	107,651,828	39,158,353	36.4%	0	0.0%
October 1, 2026	105,128,739	0	0.0%	0	0.0%



**Table of Contents****Airbus A319-112**

Date	N8001N					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 35,650,052	\$ 19,286,678	54.1%	\$ 5,527,540	69.6%	
October 1, 2015	35,090,103	18,667,935	53.2%	5,274,042	68.2%	
April 1, 2016	34,530,155	18,059,271	52.3%	5,025,864	66.9%	
October 1, 2016	33,970,206	17,460,686	51.4%	4,783,005	65.5%	
April 1, 2017	33,410,258	16,872,180	50.5%	4,545,466	64.1%	
October 1, 2017	32,850,309	16,293,753	49.6%	4,313,246	62.7%	
April 1, 2018	32,290,361	15,725,406	48.7%	4,086,345	61.4%	
October 1, 2018	31,730,412	15,167,137	47.8%	3,864,764	60.0%	
April 1, 2019	31,170,464	14,618,948	46.9%	3,609,540	58.5%	
October 1, 2019	30,610,515	14,080,837	46.0%	3,361,035	57.0%	
April 1, 2020	30,050,567	13,552,806	45.1%	3,119,249	55.5%	
October 1, 2020	29,490,619	13,034,853	44.2%	2,884,183	54.0%	
April 1, 2021	28,930,670	12,461,886	43.1%	2,720,930	52.5%	
October 1, 2021	28,370,722	11,901,518	41.9%	2,561,876	51.0%	
April 1, 2022	27,810,773	11,353,748	40.8%	2,407,022	49.5%	
October 1, 2022	27,250,825	10,818,577	39.7%	0	0.0%	
April 1, 2023	26,690,876	10,296,006	38.6%	0	0.0%	
October 1, 2023	26,130,928	9,786,032	37.4%	0	0.0%	
April 1, 2024	25,570,979	9,288,658	36.3%	0	0.0%	
October 1, 2024	25,011,031	8,803,883	35.2%	0	0.0%	
April 1, 2025	24,451,082	8,331,706	34.1%	0	0.0%	
October 1, 2025	23,891,134	7,872,129	33.0%	0	0.0%	
April 1, 2026	23,331,186	7,425,150	31.8%	0	0.0%	
October 1, 2026	22,771,237	0	0.0%	0	0.0%	

**Table of Contents**

Date	N9004F					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 35,846,959	\$ 19,393,205	54.1%	\$ 5,558,071	69.6%	
October 1, 2015	35,283,918	18,771,044	53.2%	5,303,173	68.2%	
April 1, 2016	34,720,876	18,159,018	52.3%	5,053,624	66.9%	
October 1, 2016	34,157,835	17,557,127	51.4%	4,809,423	65.5%	
April 1, 2017	33,594,794	16,965,371	50.5%	4,570,572	64.1%	
October 1, 2017	33,031,753	16,383,749	49.6%	4,337,069	62.7%	
April 1, 2018	32,468,711	15,812,262	48.7%	4,108,915	61.4%	
October 1, 2018	31,905,670	15,250,910	47.8%	3,886,111	60.0%	
April 1, 2019	31,342,629	14,699,693	46.9%	3,629,476	58.5%	
October 1, 2019	30,779,588	14,158,610	46.0%	3,379,599	57.0%	
April 1, 2020	30,216,546	13,627,662	45.1%	3,136,478	55.5%	
October 1, 2020	29,653,505	13,106,849	44.2%	2,900,113	54.0%	
April 1, 2021	29,090,464	12,530,717	43.1%	2,735,958	52.5%	
October 1, 2021	28,527,423	11,967,254	41.9%	2,576,026	51.0%	
April 1, 2022	27,964,381	11,416,459	40.8%	2,420,317	49.5%	
October 1, 2022	27,401,340	10,878,332	39.7%	0	0.0%	
April 1, 2023	26,838,299	10,352,874	38.6%	0	0.0%	
October 1, 2023	26,275,258	9,840,084	37.4%	0	0.0%	
April 1, 2024	25,712,216	9,339,963	36.3%	0	0.0%	
October 1, 2024	25,149,175	8,852,510	35.2%	0	0.0%	
April 1, 2025	24,586,134	8,377,725	34.1%	0	0.0%	
October 1, 2025	24,023,093	7,915,609	32.9%	0	0.0%	
April 1, 2026	23,460,052	7,466,161	31.8%	0	0.0%	
October 1, 2026	22,897,010	0	0.0%	0	0.0%	

**Table of Contents**

Date	N4005X					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV		Outstanding Balance	LTV
April 1, 2015	\$ 35,846,959	\$ 19,393,205	54.1%	\$ 5,558,071	69.6%	
October 1, 2015	35,283,918	18,771,044	53.2%	5,303,173	68.2%	
April 1, 2016	34,720,876	18,159,018	52.3%	5,053,624	66.9%	
October 1, 2016	34,157,835	17,557,127	51.4%	4,809,423	65.5%	
April 1, 2017	33,594,794	16,965,371	50.5%	4,570,572	64.1%	
October 1, 2017	33,031,753	16,383,749	49.6%	4,337,069	62.7%	
April 1, 2018	32,468,711	15,812,262	48.7%	4,108,915	61.4%	
October 1, 2018	31,905,670	15,250,910	47.8%	3,886,111	60.0%	
April 1, 2019	31,342,629	14,699,693	46.9%	3,629,476	58.5%	
October 1, 2019	30,779,588	14,158,610	46.0%	3,379,599	57.0%	
April 1, 2020	30,216,546	13,627,662	45.1%	3,136,478	55.5%	
October 1, 2020	29,653,505	13,106,849	44.2%	2,900,113	54.0%	
April 1, 2021	29,090,464	12,530,717	43.1%	2,735,958	52.5%	
October 1, 2021	28,527,423	11,967,254	41.9%	2,576,026	51.0%	
April 1, 2022	27,964,381	11,416,459	40.8%	2,420,317	49.5%	
October 1, 2022	27,401,340	10,878,332	39.7%	0	0.0%	
April 1, 2023	26,838,299	10,352,874	38.6%	0	0.0%	
October 1, 2023	26,275,258	9,840,084	37.4%	0	0.0%	
April 1, 2024	25,712,216	9,339,963	36.3%	0	0.0%	
October 1, 2024	25,149,175	8,852,510	35.2%	0	0.0%	
April 1, 2025	24,586,134	8,377,725	34.1%	0	0.0%	
October 1, 2025	24,023,093	7,915,609	32.9%	0	0.0%	
April 1, 2026	23,460,052	7,466,161	31.8%	0	0.0%	
October 1, 2026	22,897,010	0	0.0%	0	0.0%	

**Table of Contents**

Date	N9012					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 36,250,619	\$ 19,611,585	54.1%	\$ 5,620,658	69.6%	
October 1, 2015	35,681,237	18,982,418	53.2%	5,362,890	68.2%	
April 1, 2016	35,111,856	18,363,501	52.3%	5,110,531	66.9%	
October 1, 2016	34,542,474	17,754,832	51.4%	4,863,580	65.5%	
April 1, 2017	33,973,093	17,156,412	50.5%	4,622,039	64.1%	
October 1, 2017	33,403,711	16,568,241	49.6%	4,385,907	62.7%	
April 1, 2018	32,834,330	15,990,319	48.7%	4,155,184	61.4%	
October 1, 2018	32,264,948	15,422,645	47.8%	3,929,871	60.0%	
April 1, 2019	31,695,567	14,865,221	46.9%	3,670,347	58.5%	
October 1, 2019	31,126,186	14,318,045	46.0%	3,417,655	57.0%	
April 1, 2020	30,556,804	13,781,119	45.1%	3,171,796	55.5%	
October 1, 2020	29,987,423	13,254,441	44.2%	2,932,770	54.0%	
April 1, 2021	29,418,041	12,671,821	43.1%	2,766,767	52.5%	
October 1, 2021	28,848,660	12,102,013	41.9%	2,605,034	51.0%	
April 1, 2022	28,279,278	11,545,015	40.8%	2,447,572	49.5%	
October 1, 2022	27,709,897	11,000,829	39.7%	0	0.0%	
April 1, 2023	27,140,515	10,469,454	38.6%	0	0.0%	
October 1, 2023	26,571,134	9,950,890	37.4%	0	0.0%	
April 1, 2024	26,001,753	9,445,137	36.3%	0	0.0%	
October 1, 2024	25,432,371	8,952,195	35.2%	0	0.0%	
April 1, 2025	24,862,990	8,472,064	34.1%	0	0.0%	
October 1, 2025	24,293,608	8,004,744	33.0%	0	0.0%	
April 1, 2026	23,724,227	7,550,235	31.8%	0	0.0%	
October 1, 2026	23,154,845	0	0.0%	0	0.0%	

**Table of Contents**

Date	N3014R					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 36,447,526	\$ 19,718,111	54.1%	\$ 5,651,189	69.6%	
October 1, 2015	35,875,052	19,085,527	53.2%	5,392,020	68.2%	
April 1, 2016	35,302,577	18,463,248	52.3%	5,138,290	66.9%	
October 1, 2016	34,730,103	17,851,273	51.4%	4,889,999	65.5%	
April 1, 2017	34,157,629	17,249,603	50.5%	4,647,145	64.1%	
October 1, 2017	33,585,155	16,658,237	49.6%	4,409,731	62.7%	
April 1, 2018	33,012,680	16,077,175	48.7%	4,177,755	61.4%	
October 1, 2018	32,440,206	15,506,419	47.8%	3,951,217	60.0%	
April 1, 2019	31,867,732	14,945,966	46.9%	3,690,283	58.5%	
October 1, 2019	31,295,258	14,395,819	46.0%	3,436,219	57.0%	
April 1, 2020	30,722,784	13,855,975	45.1%	3,189,025	55.5%	
October 1, 2020	30,150,309	13,326,437	44.2%	2,948,700	54.0%	
April 1, 2021	29,577,835	12,740,652	43.1%	2,781,795	52.5%	
October 1, 2021	29,005,361	12,167,749	42.0%	2,619,184	51.0%	
April 1, 2022	28,432,887	11,607,726	40.8%	2,460,866	49.5%	
October 1, 2022	27,860,412	11,060,584	39.7%	0	0.0%	
April 1, 2023	27,287,938	10,526,322	38.6%	0	0.0%	
October 1, 2023	26,715,464	10,004,941	37.5%	0	0.0%	
April 1, 2024	26,142,990	9,496,441	36.3%	0	0.0%	
October 1, 2024	25,570,515	9,000,821	35.2%	0	0.0%	
April 1, 2025	24,998,041	8,518,083	34.1%	0	0.0%	
October 1, 2025	24,425,567	8,048,224	33.0%	0	0.0%	
April 1, 2026	23,853,093	7,591,247	31.8%	0	0.0%	
October 1, 2026	23,280,619	0	0.0%	0	0.0%	

**Table of Contents****Airbus A321-231**

Date	N108NN					
	Series A			Series B		
	Assumed Aircraft Value	Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 51,355,838	\$ 27,860,542	54.3%	\$ 7,949,884	69.7%	
October 1, 2015	50,561,675	27,050,496	53.5%	7,574,139	68.5%	
April 1, 2016	49,767,513	26,252,363	52.7%	7,206,336	67.2%	
October 1, 2016	48,973,350	25,466,142	52.0%	6,846,474	66.0%	
April 1, 2017	48,179,188	24,691,834	51.3%	6,494,555	64.7%	
October 1, 2017	47,385,025	23,929,438	50.5%	6,150,576	63.5%	
April 1, 2018	46,590,863	23,178,954	49.7%	5,814,540	62.2%	
October 1, 2018	45,796,701	22,440,383	49.0%	5,486,445	61.0%	
April 1, 2019	45,002,538	21,713,725	48.3%	5,053,785	59.5%	
October 1, 2019	44,208,376	20,998,978	47.5%	4,633,038	58.0%	
April 1, 2020	43,414,213	20,296,145	46.7%	4,224,203	56.5%	
October 1, 2020	42,620,051	19,605,223	46.0%	3,827,281	55.0%	
April 1, 2021	41,825,888	18,873,932	45.1%	3,494,553	53.5%	
October 1, 2021	41,031,726	18,156,539	44.3%	3,171,752	52.0%	
April 1, 2022	40,237,563	17,453,043	43.4%	2,858,879	50.5%	
October 1, 2022	39,443,401	16,763,445	42.5%	0	0.0%	
April 1, 2023	38,649,239	16,087,746	41.6%	0	0.0%	
October 1, 2023	37,855,076	15,425,944	40.8%	0	0.0%	
April 1, 2024	37,060,914	14,778,039	39.9%	0	0.0%	
October 1, 2024	36,266,751	14,144,033	39.0%	0	0.0%	
April 1, 2025	35,472,589	13,523,924	38.1%	0	0.0%	
October 1, 2025	34,678,426	12,917,714	37.2%	0	0.0%	
April 1, 2026	33,884,264	12,325,401	36.4%	0	0.0%	
October 1, 2026	33,090,102	0	0.0%	0	0.0%	

**Table of Contents**

Date	N110AN					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 51,513,401	\$ 27,946,020	54.2%	\$ 7,974,274	69.7%	
October 1, 2015	50,716,802	27,133,489	53.5%	7,597,377	68.5%	
April 1, 2016	49,920,203	26,332,907	52.8%	7,228,445	67.2%	
October 1, 2016	49,123,604	25,544,274	52.0%	6,867,480	66.0%	
April 1, 2017	48,327,005	24,767,590	51.2%	6,514,480	64.7%	
October 1, 2017	47,530,406	24,002,855	50.5%	6,169,447	63.5%	
April 1, 2018	46,733,807	23,250,069	49.8%	5,832,379	62.2%	
October 1, 2018	45,937,208	22,509,232	49.0%	5,503,278	61.0%	
April 1, 2019	45,140,609	21,780,344	48.3%	5,069,290	59.5%	
October 1, 2019	44,344,010	21,063,405	47.5%	4,647,252	58.0%	
April 1, 2020	43,547,411	20,358,415	46.7%	4,237,163	56.5%	
October 1, 2020	42,750,812	19,665,374	46.0%	3,839,023	55.0%	
April 1, 2021	41,954,213	18,931,839	45.1%	3,505,275	53.5%	
October 1, 2021	41,157,614	18,212,244	44.3%	3,181,484	52.0%	
April 1, 2022	40,361,015	17,506,590	43.4%	2,867,650	50.5%	
October 1, 2022	39,564,416	16,814,877	42.5%	0	0.0%	
April 1, 2023	38,767,817	16,137,104	41.6%	0	0.0%	
October 1, 2023	37,971,218	15,473,271	40.8%	0	0.0%	
April 1, 2024	37,174,619	14,823,379	39.9%	0	0.0%	
October 1, 2024	36,378,020	14,187,428	39.0%	0	0.0%	
April 1, 2025	35,581,421	13,565,417	38.1%	0	0.0%	
October 1, 2025	34,784,822	12,957,346	37.3%	0	0.0%	
April 1, 2026	33,988,223	12,363,216	36.4%	0	0.0%	
October 1, 2026	33,191,624	0	0.0%	0	0.0%	

**Table of Contents**

Date	N111ZM					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 51,523,249	\$ 27,951,362	54.3%	\$ 7,975,799	69.7%	
October 1, 2015	50,726,497	27,138,676	53.5%	7,598,829	68.5%	
April 1, 2016	49,929,746	26,337,941	52.8%	7,229,827	67.2%	
October 1, 2016	49,132,995	25,549,157	52.0%	6,868,793	66.0%	
April 1, 2017	48,336,244	24,772,325	51.2%	6,515,726	64.7%	
October 1, 2017	47,539,492	24,007,444	50.5%	6,170,626	63.5%	
April 1, 2018	46,742,741	23,254,514	49.8%	5,833,494	62.2%	
October 1, 2018	45,945,990	22,513,535	49.0%	5,504,330	61.0%	
April 1, 2019	45,149,239	21,784,508	48.2%	5,070,260	59.5%	
October 1, 2019	44,352,487	21,067,431	47.5%	4,648,141	58.0%	
April 1, 2020	43,555,736	20,362,307	46.8%	4,237,973	56.5%	
October 1, 2020	42,758,985	19,669,133	46.0%	3,839,757	55.0%	
April 1, 2021	41,962,234	18,935,458	45.1%	3,505,945	53.5%	
October 1, 2021	41,165,482	18,215,726	44.3%	3,182,092	52.0%	
April 1, 2022	40,368,731	17,509,937	43.4%	2,868,198	50.5%	
October 1, 2022	39,571,980	16,818,091	42.5%	0	0.0%	
April 1, 2023	38,775,228	16,140,189	41.6%	0	0.0%	
October 1, 2023	37,978,477	15,476,229	40.7%	0	0.0%	
April 1, 2024	37,181,726	14,826,213	39.9%	0	0.0%	
October 1, 2024	36,384,975	14,190,140	39.0%	0	0.0%	
April 1, 2025	35,588,223	13,568,010	38.1%	0	0.0%	
October 1, 2025	34,791,472	12,959,823	37.2%	0	0.0%	
April 1, 2026	33,994,721	12,365,580	36.4%	0	0.0%	
October 1, 2026	33,197,970	0	0.0%	0	0.0%	



**Table of Contents**

Date	N112AN					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	Outstanding Balance
April 1, 2015	\$ 51,631,574	\$ 28,010,129	54.2%	\$ 7,992,568	69.7%	
October 1, 2015	50,833,147	27,195,734	53.5%	7,614,805	68.5%	
April 1, 2016	50,034,721	26,393,315	52.8%	7,245,028	67.2%	
October 1, 2016	49,236,294	25,602,873	52.0%	6,883,234	66.0%	
April 1, 2017	48,437,868	24,824,407	51.2%	6,529,425	64.7%	
October 1, 2017	47,639,442	24,057,918	50.5%	6,183,600	63.5%	
April 1, 2018	46,841,015	23,303,405	49.8%	5,845,759	62.2%	
October 1, 2018	46,042,589	22,560,869	49.0%	5,515,902	61.0%	
April 1, 2019	45,244,162	21,830,308	48.3%	5,080,919	59.5%	
October 1, 2019	44,445,736	21,111,725	47.5%	4,657,913	58.0%	
April 1, 2020	43,647,310	20,405,117	46.8%	4,246,883	56.5%	
October 1, 2020	42,848,883	19,710,486	46.0%	3,847,830	55.0%	
April 1, 2021	42,050,457	18,975,269	45.1%	3,513,316	53.5%	
October 1, 2021	41,252,030	18,254,023	44.3%	3,188,782	52.0%	
April 1, 2022	40,453,604	17,546,751	43.4%	2,874,229	50.5%	
October 1, 2022	39,655,178	16,853,451	42.5%	0	0.0%	
April 1, 2023	38,856,751	16,174,123	41.6%	0	0.0%	
October 1, 2023	38,058,325	15,508,767	40.8%	0	0.0%	
April 1, 2024	37,259,898	14,857,385	39.9%	0	0.0%	
October 1, 2024	36,461,472	14,219,974	39.0%	0	0.0%	
April 1, 2025	35,663,046	13,596,536	38.1%	0	0.0%	
October 1, 2025	34,864,619	12,987,071	37.3%	0	0.0%	
April 1, 2026	34,066,193	12,391,578	36.4%	0	0.0%	
October 1, 2026	33,267,766	0	0.0%	0	0.0%	

**Table of Contents**

Date	N113AN					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 51,670,964	\$ 28,031,498	54.2%	\$ 7,998,665	69.7%	
October 1, 2015	50,871,929	27,216,482	53.5%	7,620,615	68.5%	
April 1, 2016	50,072,893	26,413,451	52.8%	7,250,555	67.2%	
October 1, 2016	49,273,858	25,622,406	52.0%	6,888,485	66.0%	
April 1, 2017	48,474,822	24,843,346	51.3%	6,534,406	64.7%	
October 1, 2017	47,675,787	24,076,272	50.5%	6,188,317	63.5%	
April 1, 2018	46,876,751	23,321,184	49.8%	5,850,219	62.2%	
October 1, 2018	46,077,716	22,578,081	49.0%	5,520,110	61.0%	
April 1, 2019	45,278,680	21,846,963	48.3%	5,084,796	59.5%	
October 1, 2019	44,479,645	21,127,831	47.5%	4,661,467	58.0%	
April 1, 2020	43,680,609	20,420,685	46.7%	4,250,123	56.5%	
October 1, 2020	42,881,574	19,725,524	46.0%	3,850,765	55.0%	
April 1, 2021	42,082,538	18,989,745	45.1%	3,515,996	53.5%	
October 1, 2021	41,283,503	18,267,950	44.2%	3,191,215	52.0%	
April 1, 2022	40,484,467	17,560,138	43.4%	2,876,421	50.5%	
October 1, 2022	39,685,431	16,866,308	42.5%	0	0.0%	
April 1, 2023	38,886,396	16,186,462	41.6%	0	0.0%	
October 1, 2023	38,087,360	15,520,599	40.8%	0	0.0%	
April 1, 2024	37,288,325	14,868,720	39.9%	0	0.0%	
October 1, 2024	36,489,289	14,230,823	39.0%	0	0.0%	
April 1, 2025	35,690,254	13,606,909	38.1%	0	0.0%	
October 1, 2025	34,891,218	12,996,979	37.3%	0	0.0%	
April 1, 2026	34,092,183	12,401,031	36.4%	0	0.0%	
October 1, 2026	33,293,147	0	0.0%	0	0.0%	

**Table of Contents**

Date	N115NN					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 51,936,853	\$ 28,175,743	54.3%	\$ 8,039,825	69.7%	
October 1, 2015	51,133,706	27,356,532	53.5%	7,659,829	68.5%	
April 1, 2016	50,330,558	26,549,370	52.7%	7,287,865	67.2%	
October 1, 2016	49,527,411	25,754,254	52.0%	6,923,932	66.0%	
April 1, 2017	48,724,264	24,971,185	51.3%	6,568,031	64.7%	
October 1, 2017	47,921,117	24,200,164	50.5%	6,220,161	63.5%	
April 1, 2018	47,117,970	23,441,190	49.8%	5,880,323	62.2%	
October 1, 2018	46,314,822	22,694,263	49.0%	5,548,516	61.0%	
April 1, 2019	45,511,675	21,959,383	48.3%	5,110,961	59.5%	
October 1, 2019	44,708,528	21,236,551	47.5%	4,685,454	58.0%	
April 1, 2020	43,905,381	20,525,765	46.7%	4,271,994	56.5%	
October 1, 2020	43,102,234	19,827,027	46.0%	3,870,581	55.0%	
April 1, 2021	42,299,086	19,087,463	45.1%	3,534,089	53.5%	
October 1, 2021	41,495,939	18,361,953	44.3%	3,207,636	52.0%	
April 1, 2022	40,692,792	17,650,498	43.4%	2,891,223	50.5%	
October 1, 2022	39,889,645	16,953,099	42.5%	0	0.0%	
April 1, 2023	39,086,497	16,269,755	41.6%	0	0.0%	
October 1, 2023	38,283,350	15,600,465	40.8%	0	0.0%	
April 1, 2024	37,480,203	14,945,231	39.9%	0	0.0%	
October 1, 2024	36,677,056	14,304,052	39.0%	0	0.0%	
April 1, 2025	35,873,909	13,676,928	38.1%	0	0.0%	
October 1, 2025	35,070,761	13,063,859	37.3%	0	0.0%	
April 1, 2026	34,267,614	12,464,845	36.4%	0	0.0%	
October 1, 2026	33,464,467	0	0.0%	0	0.0%	

**Table of Contents**

Date	N117AN					
	Assumed Aircraft Value	Series A			Series B	
		Outstanding Balance	LTV	Outstanding Balance	LTV	
April 1, 2015	\$ 51,946,701	\$ 28,181,085	54.3%	\$ 8,041,349	69.7%	
October 1, 2015	51,143,401	27,361,720	53.5%	7,661,281	68.5%	
April 1, 2016	50,340,102	26,554,404	52.7%	7,289,247	67.2%	
October 1, 2016	49,536,802	25,759,137	52.0%	6,925,245	66.0%	
April 1, 2017	48,733,503	24,975,920	51.2%	6,569,276	64.7%	
October 1, 2017	47,930,203	24,204,753	50.5%	6,221,340	63.5%	
April 1, 2018	47,126,904	23,445,635	49.8%	5,881,438	62.2%	
October 1, 2018	46,323,604	22,698,566	49.0%	5,549,568	61.0%	
April 1, 2019	45,520,305	21,963,547	48.2%	5,111,930	59.5%	
October 1, 2019	44,717,005	21,240,577	47.5%	4,686,342	58.0%	
April 1, 2020	43,913,706	20,529,657	46.7%	4,272,804	56.5%	
October 1, 2020	43,110,406	19,830,787	46.0%	3,871,314	55.0%	
April 1, 2021	42,307,107	19,091,082	45.1%	3,534,759	53.5%	
October 1, 2021	41,503,807	18,365,435	44.2%	3,208,244	52.0%	
April 1, 2022	40,700,508	17,653,845	43.4%	2,891,771	50.5%	
October 1, 2022	39,897,208	16,956,313	42.5%	0	0.0%	
April 1, 2023	39,093,909	16,272,839	41.6%	0	0.0%	
October 1, 2023	38,290,609	15,603,423	40.7%	0	0.0%	
April 1, 2024	37,487,310	14,948,065	39.9%	0	0.0%	
October 1, 2024	36,684,010	14,306,764	39.0%	0	0.0%	
April 1, 2025	35,880,711	13,679,521	38.1%	0	0.0%	
October 1, 2025	35,077,411	13,066,336	37.3%	0	0.0%	
April 1, 2026	34,274,112	12,467,208	36.4%	0	0.0%	
October 1, 2026	33,470,812	0	0.0%	0	0.0%	

**Table of Contents****APPENDIX V****EQUIPMENT NOTE PRINCIPAL AMOUNTS AND AMORTIZATION SCHEDULES**

The following tables set forth the original principal amount and principal amortization schedule for each series of Equipment Notes issued with respect to each Aircraft.

**Boeing 777-323**

Date	N717AN			
	Series A Scheduled Payments of Principal	Equipment Note Ending Balance	Series B Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 85,184,000	\$ 0	\$ 24,750,000
April 1, 2015	2,502,383	82,681,617	1,157,163	23,592,837
October 1, 2015	2,465,311	80,216,306	1,132,272	22,460,566
April 1, 2016	2,428,238	77,788,068	1,107,557	21,353,009
October 1, 2016	2,391,166	75,396,902	1,082,842	20,270,167
April 1, 2017	2,354,094	73,042,809	1,058,127	19,212,040
October 1, 2017	2,317,021	70,725,787	1,033,412	18,178,628
April 1, 2018	2,279,949	68,445,838	1,008,697	17,169,931
October 1, 2018	2,242,877	66,202,962	983,982	16,185,949
April 1, 2019	2,205,804	63,997,157	1,290,859	14,895,090
October 1, 2019	2,168,732	61,828,426	1,253,787	13,641,303
April 1, 2020	2,131,660	59,696,766	1,216,714	12,424,589
October 1, 2020	2,094,587	57,602,179	1,179,642	11,244,947
April 1, 2021	2,210,953	55,391,226	989,131	10,255,816
October 1, 2021	2,167,702	53,223,523	958,238	9,297,578
April 1, 2022	2,124,451	51,099,072	927,344	8,370,234
October 1, 2022	2,081,200	49,017,872	8,370,234	0
April 1, 2023	2,037,949	46,979,923	0	0
October 1, 2023	1,994,698	44,985,226	0	0
April 1, 2024	1,951,447	43,033,779	0	0
October 1, 2024	1,908,196	41,125,583	0	0
April 1, 2025	1,864,945	39,260,638	0	0
October 1, 2025	1,821,694	37,438,945	0	0
April 1, 2026	1,778,443	35,660,502	0	0
October 1, 2026	35,660,502	0	0	0

**Table of Contents**

Date	N718AN			
	Series A			Series B
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 85,195,000	\$ 0	\$ 24,753,000
April 1, 2015	2,502,706	82,692,294	1,157,116	23,595,884
October 1, 2015	2,465,629	80,226,665	1,132,418	22,463,466
April 1, 2016	2,428,552	77,798,113	1,107,700	21,355,766
October 1, 2016	2,391,475	75,406,638	1,082,982	20,272,785
April 1, 2017	2,354,398	73,052,241	1,058,264	19,214,521
October 1, 2017	2,317,320	70,734,920	1,033,546	18,180,976
April 1, 2018	2,280,243	68,454,677	1,008,827	17,172,148
October 1, 2018	2,243,166	66,211,511	984,109	16,188,039
April 1, 2019	2,206,089	64,005,422	1,291,026	14,897,013
October 1, 2019	2,169,012	61,836,410	1,253,948	13,643,065
April 1, 2020	2,131,935	59,704,475	1,216,871	12,426,193
October 1, 2020	2,094,858	57,609,617	1,179,794	11,246,399
April 1, 2021	2,211,239	55,398,378	989,259	10,257,140
October 1, 2021	2,167,982	53,230,396	958,361	9,298,779
April 1, 2022	2,124,725	51,105,671	927,464	8,371,315
October 1, 2022	2,081,469	49,024,202	8,371,315	0
April 1, 2023	2,038,212	46,985,990	0	0
October 1, 2023	1,994,955	44,991,035	0	0
April 1, 2024	1,951,699	43,039,336	0	0
October 1, 2024	1,908,442	41,130,894	0	0
April 1, 2025	1,865,186	39,265,708	0	0
October 1, 2025	1,821,929	37,443,779	0	0
April 1, 2026	1,778,672	35,665,107	0	0
October 1, 2026	35,665,107	0	0	0

**Table of Contents**

Date	N719AN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 87,284,000	\$ 0	\$ 25,360,000
April 1, 2015	2,542,635	84,741,365	1,179,423	24,180,577
October 1, 2015	2,505,101	82,236,264	1,154,423	23,026,154
April 1, 2016	2,467,711	79,768,553	1,129,497	21,896,657
October 1, 2016	2,430,322	77,338,231	1,104,571	20,792,086
April 1, 2017	2,392,932	74,945,299	1,079,644	19,712,442
October 1, 2017	2,355,542	72,589,757	1,054,718	18,657,724
April 1, 2018	2,318,153	70,271,604	1,029,792	17,627,932
October 1, 2018	2,280,763	67,990,841	1,004,865	16,623,067
April 1, 2019	2,243,374	65,747,467	1,320,599	15,302,467
October 1, 2019	2,205,984	63,541,483	1,283,210	14,019,258
April 1, 2020	2,168,595	61,372,888	1,245,820	12,773,438
October 1, 2020	2,131,205	59,241,683	1,208,431	11,565,007
April 1, 2021	2,251,682	56,990,001	1,013,174	10,551,833
October 1, 2021	2,208,061	54,781,940	982,016	9,569,817
April 1, 2022	2,164,440	52,617,499	950,858	8,618,959
October 1, 2022	2,120,819	50,496,680	8,618,959	0
April 1, 2023	2,077,198	48,419,482	0	0
October 1, 2023	2,033,577	46,385,906	0	0
April 1, 2024	1,989,956	44,395,950	0	0
October 1, 2024	1,946,334	42,449,616	0	0
April 1, 2025	1,902,713	40,546,903	0	0
October 1, 2025	1,859,092	38,687,810	0	0
April 1, 2026	1,815,471	36,872,339	0	0
October 1, 2026	36,872,339	0	0	0

**Table of Contents**

Date	N726AN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 90,145,000	\$ 0	\$ 26,191,000
April 1, 2015	2,604,686	87,540,314	1,211,755	24,979,245
October 1, 2015	2,566,205	84,974,109	1,186,495	23,792,751
April 1, 2016	2,528,187	82,445,922	1,161,149	22,631,601
October 1, 2016	2,490,169	79,955,753	1,135,804	21,495,797
April 1, 2017	2,452,151	77,503,602	1,110,459	20,385,338
October 1, 2017	2,414,133	75,089,469	1,085,114	19,300,224
April 1, 2018	2,376,115	72,713,354	1,059,769	18,240,455
October 1, 2018	2,338,098	70,375,256	1,034,423	17,206,032
April 1, 2019	2,300,080	68,075,177	1,361,799	15,844,233
October 1, 2019	2,262,062	65,813,115	1,323,781	14,520,451
April 1, 2020	2,224,044	63,589,071	1,285,764	13,234,688
October 1, 2020	2,186,026	61,403,045	1,247,746	11,986,942
April 1, 2021	2,311,696	59,091,349	1,046,040	10,940,902
October 1, 2021	2,267,342	56,824,006	1,014,358	9,926,544
April 1, 2022	2,222,988	54,601,019	982,677	8,943,867
October 1, 2022	2,178,634	52,422,385	8,943,867	0
April 1, 2023	2,134,280	50,288,105	0	0
October 1, 2023	2,089,925	48,198,180	0	0
April 1, 2024	2,045,571	46,152,608	0	0
October 1, 2024	2,001,217	44,151,391	0	0
April 1, 2025	1,956,863	42,194,528	0	0
October 1, 2025	1,912,509	40,282,019	0	0
April 1, 2026	1,868,155	38,413,865	0	0
October 1, 2026	38,413,865	0	0	0



**Table of Contents**

Date	N727AN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 91,126,000	\$ 0	\$ 26,476,000
April 1, 2015	2,611,807	88,514,193	1,218,863	25,257,137
October 1, 2015	2,573,552	85,940,641	1,193,758	24,063,380
April 1, 2016	2,535,705	83,404,936	1,168,527	22,894,853
October 1, 2016	2,497,859	80,907,077	1,143,296	21,751,557
April 1, 2017	2,460,012	78,447,065	1,118,065	20,633,491
October 1, 2017	2,422,166	76,024,899	1,092,834	19,540,657
April 1, 2018	2,384,320	73,640,579	1,067,603	18,473,054
October 1, 2018	2,346,473	71,294,105	1,042,372	17,430,681
April 1, 2019	2,308,627	68,985,478	1,374,579	16,056,102
October 1, 2019	2,270,781	66,714,698	1,336,733	14,719,369
April 1, 2020	2,232,934	64,481,763	1,298,887	13,420,482
October 1, 2020	2,195,088	62,286,675	1,261,040	12,159,442
April 1, 2021	2,323,345	59,963,330	1,057,091	11,102,352
October 1, 2021	2,279,191	57,684,139	1,025,552	10,076,800
April 1, 2022	2,235,037	55,449,102	994,013	9,082,787
October 1, 2022	2,190,883	53,258,219	9,082,787	0
April 1, 2023	2,146,729	51,111,490	0	0
October 1, 2023	2,102,575	49,008,915	0	0
April 1, 2024	2,058,421	46,950,495	0	0
October 1, 2024	2,014,267	44,936,228	0	0
April 1, 2025	1,970,113	42,966,115	0	0
October 1, 2025	1,925,958	41,040,157	0	0
April 1, 2026	1,881,804	39,158,353	0	0
October 1, 2026	39,158,353	0	0	0

**Table of Contents****Airbus A319-112**

<b>Date</b>	<b>Series A</b>		<b>Series B</b>	
	<b>Scheduled Payments of Principal</b>	<b>Equipment Note Ending Balance</b>	<b>Scheduled Payments of Principal</b>	<b>Equipment Note Ending Balance</b>
At Issuance	\$ 0	\$ 19,916,000	\$ 0	\$ 5,786,000
April 1, 2015	629,322	19,286,678	258,460	5,527,540
October 1, 2015	618,743	18,667,935	253,498	5,274,042
April 1, 2016	608,664	18,059,271	248,178	5,025,864
October 1, 2016	598,585	17,460,686	242,859	4,783,005
April 1, 2017	588,506	16,872,180	237,539	4,545,466
October 1, 2017	578,427	16,293,753	232,220	4,313,246
April 1, 2018	568,348	15,725,406	226,900	4,086,345
October 1, 2018	558,269	15,167,137	221,581	3,864,764
April 1, 2019	548,190	14,618,948	255,225	3,609,540
October 1, 2019	538,110	14,080,837	248,505	3,361,035
April 1, 2020	528,031	13,552,806	241,786	3,119,249
October 1, 2020	517,952	13,034,853	235,066	2,884,183
April 1, 2021	572,967	12,461,886	163,253	2,720,930
October 1, 2021	560,368	11,901,518	159,053	2,561,876
April 1, 2022	547,770	11,353,748	154,854	2,407,022
October 1, 2022	535,171	10,818,577	2,407,022	0
April 1, 2023	522,572	10,296,006	0	0
October 1, 2023	509,973	9,786,032	0	0
April 1, 2024	497,374	9,288,658	0	0
October 1, 2024	484,775	8,803,883	0	0
April 1, 2025	472,177	8,331,706	0	0
October 1, 2025	459,578	7,872,129	0	0
April 1, 2026	446,979	7,425,150	0	0
October 1, 2026	7,425,150	0	0	0

**Table of Contents**

Date	N9004F			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 20,026,000	\$ 0	\$ 5,818,000
April 1, 2015	632,795	19,393,205	259,929	5,558,071
October 1, 2015	622,161	18,771,044	254,898	5,303,173
April 1, 2016	612,026	18,159,018	249,549	5,053,624
October 1, 2016	601,891	17,557,127	244,200	4,809,423
April 1, 2017	591,756	16,965,371	238,851	4,570,572
October 1, 2017	581,622	16,383,749	233,503	4,337,069
April 1, 2018	571,487	15,812,262	228,154	4,108,915
October 1, 2018	561,352	15,250,910	222,805	3,886,111
April 1, 2019	551,217	14,699,693	256,634	3,629,476
October 1, 2019	541,083	14,158,610	249,878	3,379,599
April 1, 2020	530,948	13,627,662	243,121	3,136,478
October 1, 2020	520,813	13,106,849	236,365	2,900,113
April 1, 2021	576,132	12,530,717	164,155	2,735,958
October 1, 2021	563,464	11,967,254	159,932	2,576,026
April 1, 2022	550,795	11,416,459	155,709	2,420,317
October 1, 2022	538,127	10,878,332	2,420,317	0
April 1, 2023	525,458	10,352,874	0	0
October 1, 2023	512,790	9,840,084	0	0
April 1, 2024	500,121	9,339,963	0	0
October 1, 2024	487,453	8,852,510	0	0
April 1, 2025	474,785	8,377,725	0	0
October 1, 2025	462,116	7,915,609	0	0
April 1, 2026	449,448	7,466,161	0	0
October 1, 2026	7,466,161	0	0	0

**Table of Contents**

Date	N4005X			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 20,026,000	\$ 0	\$ 5,818,000
April 1, 2015	632,795	19,393,205	259,929	5,558,071
October 1, 2015	622,161	18,771,044	254,898	5,303,173
April 1, 2016	612,026	18,159,018	249,549	5,053,624
October 1, 2016	601,891	17,557,127	244,200	4,809,423
April 1, 2017	591,756	16,965,371	238,851	4,570,572
October 1, 2017	581,622	16,383,749	233,503	4,337,069
April 1, 2018	571,487	15,812,262	228,154	4,108,915
October 1, 2018	561,352	15,250,910	222,805	3,886,111
April 1, 2019	551,217	14,699,693	256,634	3,629,476
October 1, 2019	541,083	14,158,610	249,878	3,379,599
April 1, 2020	530,948	13,627,662	243,121	3,136,478
October 1, 2020	520,813	13,106,849	236,365	2,900,113
April 1, 2021	576,132	12,530,717	164,155	2,735,958
October 1, 2021	563,464	11,967,254	159,932	2,576,026
April 1, 2022	550,795	11,416,459	155,709	2,420,317
October 1, 2022	538,127	10,878,332	2,420,317	0
April 1, 2023	525,458	10,352,874	0	0
October 1, 2023	512,790	9,840,084	0	0
April 1, 2024	500,121	9,339,963	0	0
October 1, 2024	487,453	8,852,510	0	0
April 1, 2025	474,785	8,377,725	0	0
October 1, 2025	462,116	7,915,609	0	0
April 1, 2026	449,448	7,466,161	0	0
October 1, 2026	7,466,161	0	0	0

**Table of Contents**

Date	N9012			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 20,251,000	\$ 0	\$ 5,884,000
April 1, 2015	639,415	19,611,585	263,342	5,620,658
October 1, 2015	629,167	18,982,418	257,768	5,362,890
April 1, 2016	618,918	18,363,501	252,359	5,110,531
October 1, 2016	608,669	17,754,832	246,950	4,863,580
April 1, 2017	598,420	17,156,412	241,541	4,622,039
October 1, 2017	588,171	16,568,241	236,132	4,385,907
April 1, 2018	577,922	15,990,319	230,723	4,155,184
October 1, 2018	567,673	15,422,645	225,314	3,929,871
April 1, 2019	557,424	14,865,221	259,524	3,670,347
October 1, 2019	547,176	14,318,045	252,691	3,417,655
April 1, 2020	536,927	13,781,119	245,859	3,171,796
October 1, 2020	526,678	13,254,441	239,026	2,932,770
April 1, 2021	582,620	12,671,821	166,003	2,766,767
October 1, 2021	569,808	12,102,013	161,733	2,605,034
April 1, 2022	556,997	11,545,015	157,462	2,447,572
October 1, 2022	544,186	11,000,829	2,447,572	0
April 1, 2023	531,375	10,469,454	0	0
October 1, 2023	518,564	9,950,890	0	0
April 1, 2024	505,753	9,445,137	0	0
October 1, 2024	492,942	8,952,195	0	0
April 1, 2025	480,131	8,472,064	0	0
October 1, 2025	467,320	8,004,744	0	0
April 1, 2026	454,509	7,550,235	0	0
October 1, 2026	7,550,235	0	0	0

**Table of Contents**

Date	N3014R			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 20,361,000	\$ 0	\$ 5,916,000
April 1, 2015	642,889	19,718,111	264,811	5,651,189
October 1, 2015	632,584	19,085,527	259,169	5,392,020
April 1, 2016	622,279	18,463,248	253,730	5,138,290
October 1, 2016	611,975	17,851,273	248,292	4,889,999
April 1, 2017	601,670	17,249,603	242,853	4,647,145
October 1, 2017	591,366	16,658,237	237,415	4,409,731
April 1, 2018	581,061	16,077,175	231,976	4,177,755
October 1, 2018	570,757	15,506,419	226,538	3,951,217
April 1, 2019	560,452	14,945,966	260,934	3,690,283
October 1, 2019	550,148	14,395,819	254,064	3,436,219
April 1, 2020	539,843	13,855,975	247,194	3,189,025
October 1, 2020	529,539	13,326,437	240,325	2,948,700
April 1, 2021	585,784	12,740,652	166,905	2,781,795
October 1, 2021	572,904	12,167,749	162,611	2,619,184
April 1, 2022	560,023	11,607,726	158,318	2,460,866
October 1, 2022	547,142	11,060,584	2,460,866	0
April 1, 2023	534,262	10,526,322	0	0
October 1, 2023	521,381	10,004,941	0	0
April 1, 2024	508,500	9,496,441	0	0
October 1, 2024	495,620	9,000,821	0	0
April 1, 2025	482,739	8,518,083	0	0
October 1, 2025	469,858	8,048,224	0	0
April 1, 2026	456,978	7,591,247	0	0
October 1, 2026	7,591,247	0	0	0

**Table of Contents****Airbus A321-231**

Date	N108NN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 28,683,000	\$ 0	\$ 8,333,000
April 1, 2015	822,458	27,860,542	383,116	7,949,884
October 1, 2015	810,046	27,050,496	375,745	7,574,139
April 1, 2016	798,133	26,252,363	367,803	7,206,336
October 1, 2016	786,221	25,466,142	359,861	6,846,474
April 1, 2017	774,308	24,691,834	351,920	6,494,555
October 1, 2017	762,396	23,929,438	343,978	6,150,576
April 1, 2018	750,484	23,178,954	336,037	5,814,540
October 1, 2018	738,571	22,440,383	328,095	5,486,445
April 1, 2019	726,659	21,713,725	432,660	5,053,785
October 1, 2019	714,746	20,998,978	420,747	4,633,038
April 1, 2020	702,834	20,296,145	408,835	4,224,203
October 1, 2020	690,921	19,605,223	396,922	3,827,281
April 1, 2021	731,291	18,873,932	332,728	3,494,553
October 1, 2021	717,393	18,156,539	322,801	3,171,752
April 1, 2022	703,496	17,453,043	312,874	2,858,879
October 1, 2022	689,598	16,763,445	2,858,879	0
April 1, 2023	675,700	16,087,746	0	0
October 1, 2023	661,802	15,425,944	0	0
April 1, 2024	647,904	14,778,039	0	0
October 1, 2024	634,006	14,144,033	0	0
April 1, 2025	620,109	13,523,924	0	0
October 1, 2025	606,211	12,917,714	0	0
April 1, 2026	592,313	12,325,401	0	0
October 1, 2026	12,325,401	0	0	0

**Table of Contents**

Date	N110AN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 28,771,000	\$ 0	\$ 8,359,000
April 1, 2015	824,980	27,946,020	384,726	7,974,274
October 1, 2015	812,531	27,133,489	376,898	7,597,377
April 1, 2016	800,582	26,332,907	368,932	7,228,445
October 1, 2016	788,633	25,544,274	360,966	6,867,480
April 1, 2017	776,684	24,767,590	353,000	6,514,480
October 1, 2017	764,735	24,002,855	345,034	6,169,447
April 1, 2018	752,786	23,250,069	337,068	5,832,379
October 1, 2018	740,837	22,509,232	329,102	5,503,278
April 1, 2019	728,888	21,780,344	433,987	5,069,290
October 1, 2019	716,939	21,063,405	422,038	4,647,252
April 1, 2020	704,990	20,358,415	410,089	4,237,163
October 1, 2020	693,041	19,665,374	398,140	3,839,023
April 1, 2021	733,535	18,931,839	333,748	3,505,275
October 1, 2021	719,594	18,212,244	323,791	3,181,484
April 1, 2022	705,654	17,506,590	313,833	2,867,650
October 1, 2022	691,713	16,814,877	2,867,650	0
April 1, 2023	677,773	16,137,104	0	0
October 1, 2023	663,832	15,473,271	0	0
April 1, 2024	649,892	14,823,379	0	0
October 1, 2024	635,952	14,187,428	0	0
April 1, 2025	622,011	13,565,417	0	0
October 1, 2025	608,071	12,957,346	0	0
April 1, 2026	594,130	12,363,216	0	0
October 1, 2026	12,363,216	0	0	0



**Table of Contents**

Date	N111ZM			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 28,776,000	\$ 0	\$ 8,361,000
April 1, 2015	824,638	27,951,362	385,201	7,975,799
October 1, 2015	812,686	27,138,676	376,970	7,598,829
April 1, 2016	800,735	26,337,941	369,002	7,229,827
October 1, 2016	788,784	25,549,157	361,035	6,868,793
April 1, 2017	776,832	24,772,325	353,067	6,515,726
October 1, 2017	764,881	24,007,444	345,100	6,170,626
April 1, 2018	752,930	23,254,514	337,132	5,833,494
October 1, 2018	740,979	22,513,535	329,165	5,504,330
April 1, 2019	729,027	21,784,508	434,070	5,070,260
October 1, 2019	717,076	21,067,431	422,119	4,648,141
April 1, 2020	705,125	20,362,307	410,168	4,237,973
October 1, 2020	693,174	19,669,133	398,216	3,839,757
April 1, 2021	733,675	18,935,458	333,812	3,505,945
October 1, 2021	719,732	18,215,726	323,853	3,182,092
April 1, 2022	705,789	17,509,937	313,893	2,868,198
October 1, 2022	691,846	16,818,091	2,868,198	0
April 1, 2023	677,903	16,140,189	0	0
October 1, 2023	663,959	15,476,229	0	0
April 1, 2024	650,016	14,826,213	0	0
October 1, 2024	636,073	14,190,140	0	0
April 1, 2025	622,130	13,568,010	0	0
October 1, 2025	608,187	12,959,823	0	0
April 1, 2026	594,244	12,365,580	0	0
October 1, 2026	12,365,580	0	0	0

**Table of Contents**

Date	N112AN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 28,837,000	\$ 0	\$ 8,378,000
April 1, 2015	826,871	28,010,129	385,432	7,992,568
October 1, 2015	814,395	27,195,734	377,762	7,614,805
April 1, 2016	802,419	26,393,315	369,778	7,245,028
October 1, 2016	790,442	25,602,873	361,794	6,883,234
April 1, 2017	778,466	24,824,407	353,809	6,529,425
October 1, 2017	766,489	24,057,918	345,825	6,183,600
April 1, 2018	754,513	23,303,405	337,841	5,845,759
October 1, 2018	742,537	22,560,869	329,857	5,515,902
April 1, 2019	730,560	21,830,308	434,983	5,080,919
October 1, 2019	718,584	21,111,725	423,006	4,657,913
April 1, 2020	706,607	20,405,117	411,030	4,246,883
October 1, 2020	694,631	19,710,486	399,054	3,847,830
April 1, 2021	735,218	18,975,269	334,514	3,513,316
October 1, 2021	721,245	18,254,023	324,534	3,188,782
April 1, 2022	707,273	17,546,751	314,553	2,874,229
October 1, 2022	693,300	16,853,451	2,874,229	0
April 1, 2023	679,328	16,174,123	0	0
October 1, 2023	665,355	15,508,767	0	0
April 1, 2024	651,383	14,857,385	0	0
October 1, 2024	637,410	14,219,974	0	0
April 1, 2025	623,438	13,596,536	0	0
October 1, 2025	609,465	12,987,071	0	0
April 1, 2026	595,493	12,391,578	0	0
October 1, 2026	12,391,578	0	0	0

**Table of Contents**

Date	N113AN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 28,859,000	\$ 0	\$ 8,384,000
April 1, 2015	827,502	28,031,498	385,335	7,998,665
October 1, 2015	815,016	27,216,482	378,050	7,620,615
April 1, 2016	803,031	26,413,451	370,060	7,250,555
October 1, 2016	791,045	25,622,406	362,070	6,888,485
April 1, 2017	779,060	24,843,346	354,079	6,534,406
October 1, 2017	767,074	24,076,272	346,089	6,188,317
April 1, 2018	755,089	23,321,184	338,099	5,850,219
October 1, 2018	743,103	22,578,081	330,108	5,520,110
April 1, 2019	731,118	21,846,963	435,315	5,084,796
October 1, 2019	719,132	21,127,831	423,329	4,661,467
April 1, 2020	707,146	20,420,685	411,343	4,250,123
October 1, 2020	695,161	19,725,524	399,358	3,850,765
April 1, 2021	735,779	18,989,745	334,769	3,515,996
October 1, 2021	721,795	18,267,950	324,781	3,191,215
April 1, 2022	707,812	17,560,138	314,793	2,876,421
October 1, 2022	693,829	16,866,308	2,876,421	0
April 1, 2023	679,846	16,186,462	0	0
October 1, 2023	665,863	15,520,599	0	0
April 1, 2024	651,880	14,868,720	0	0
October 1, 2024	637,897	14,230,823	0	0
April 1, 2025	623,914	13,606,909	0	0
October 1, 2025	609,930	12,996,979	0	0
April 1, 2026	595,947	12,401,031	0	0
October 1, 2026	12,401,031	0	0	0

**Table of Contents**

Date	N115AN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 29,007,000	\$ 0	\$ 8,428,000
April 1, 2015	831,257	28,175,743	388,175	8,039,825
October 1, 2015	819,210	27,356,532	379,996	7,659,829
April 1, 2016	807,163	26,549,370	371,964	7,287,865
October 1, 2016	795,116	25,754,254	363,933	6,923,932
April 1, 2017	783,069	24,971,185	355,901	6,568,031
October 1, 2017	771,021	24,200,164	347,870	6,220,161
April 1, 2018	758,974	23,441,190	339,838	5,880,323
October 1, 2018	746,927	22,694,263	331,807	5,548,516
April 1, 2019	734,880	21,959,383	437,555	5,110,961
October 1, 2019	722,832	21,236,551	425,507	4,685,454
April 1, 2020	710,785	20,525,765	413,460	4,271,994
October 1, 2020	698,738	19,827,027	401,413	3,870,581
April 1, 2021	739,565	19,087,463	336,492	3,534,089
October 1, 2021	725,510	18,361,953	326,453	3,207,636
April 1, 2022	711,455	17,650,498	316,413	2,891,223
October 1, 2022	697,400	16,953,099	2,891,223	0
April 1, 2023	683,344	16,269,755	0	0
October 1, 2023	669,289	15,600,465	0	0
April 1, 2024	655,234	14,945,231	0	0
October 1, 2024	641,179	14,304,052	0	0
April 1, 2025	627,124	13,676,928	0	0
October 1, 2025	613,069	13,063,859	0	0
April 1, 2026	599,014	12,464,845	0	0
October 1, 2026	12,464,845	0	0	0

**Table of Contents**

Date	N117AN			
	Series A		Series B	
	Scheduled Payments of Principal	Equipment Note Ending Balance	Scheduled Payments of Principal	Equipment Note Ending Balance
At Issuance	\$ 0	\$ 29,013,000	\$ 0	\$ 8,429,000
April 1, 2015	831,915	28,181,085	387,651	8,041,349
October 1, 2015	819,365	27,361,720	380,068	7,661,281
April 1, 2016	807,316	26,554,404	372,035	7,289,247
October 1, 2016	795,266	25,759,137	364,002	6,925,245
April 1, 2017	783,217	24,975,920	355,969	6,569,276
October 1, 2017	771,168	24,204,753	347,936	6,221,340
April 1, 2018	759,118	23,445,635	339,903	5,881,438
October 1, 2018	747,069	22,698,566	331,870	5,549,568
April 1, 2019	735,019	21,963,547	437,638	5,111,930
October 1, 2019	722,970	21,240,577	425,588	4,686,342
April 1, 2020	710,920	20,529,657	413,539	4,272,804
October 1, 2020	698,871	19,830,787	401,489	3,871,314
April 1, 2021	739,705	19,091,082	336,556	3,534,759
October 1, 2021	725,647	18,365,435	326,514	3,208,244
April 1, 2022	711,589	17,653,845	316,473	2,891,771
October 1, 2022	697,532	16,956,313	2,891,771	0
April 1, 2023	683,474	16,272,839	0	0
October 1, 2023	669,416	15,603,423	0	0
April 1, 2024	655,359	14,948,065	0	0
October 1, 2024	641,301	14,306,764	0	0
April 1, 2025	627,243	13,679,521	0	0
October 1, 2025	613,185	13,066,336	0	0
April 1, 2026	599,128	12,467,208	0	0
October 1, 2026	12,467,208	0	0	0

**Table of Contents**

**PROSPECTUS**

**AMERICAN AIRLINES, INC.**

Pass Through Certificates

Pass through trusts that we form may offer for sale pass through certificates from time to time under this prospectus and one or more prospectus supplements. Each pass through certificate will represent an interest in a pass through trust. The property of the pass through trust will include equipment notes issued by:

one or more owner trustees, on a non-recourse basis, to finance or refinance a portion of the purchase price of aircraft that have been or will be leased to us as part of a leveraged lease transaction; or

American Airlines, Inc. ( AAI ) to finance or refinance all or a portion of the purchase price of aircraft owned or to be purchased by us.

The pass through certificates will not represent interests in or obligations of AAI or any of our affiliates.

Equipment notes issued by any owner trustee will be without recourse to us. For each aircraft, we or the owner trustee will issue one or more equipment notes with an interest rate, final maturity date and ranking of priority of payment described in a prospectus supplement.

The pass through trustee will distribute to the holders of pass through certificates the interest paid on the equipment notes held in the related pass through trust on the dates and at the rates indicated in a prospectus supplement. Holders of pass through certificates will also receive distributions of the principal paid on the equipment notes in scheduled amounts and on dates specified in a prospectus supplement. Unless otherwise indicated in a prospectus supplement, we will not list the pass through certificates on any national securities exchange.

To the extent stated in the applicable prospectus supplement, our payment obligations in respect of any equipment notes or the leases related to any equipment notes will be fully and unconditionally guaranteed by our parent corporation, American Airlines Group Inc.

We may offer and sell the pass through certificates described in this prospectus and any prospectus supplement to or through one or more underwriters, dealers and agents, or directly to purchasers, or through a combination of these methods. The names and any applicable purchase price, fee or commission of or discount arrangement between or among any underwriters, dealers, agents or direct purchasers involved in the sale of any of the pass through certificates will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement. See the sections of this prospectus entitled *About this Prospectus* and *Plan of Distribution* for more information. No pass through certificates may be sold without delivery of this prospectus and the applicable

prospectus supplement describing the method and terms of the offering of such pass through certificates.

*INVESTING IN OUR SECURITIES INVOLVES RISKS. SEE THE RISK FACTORS ON PAGE 3 OF THIS PROSPECTUS AND ANY SIMILAR SECTION CONTAINED IN THE APPLICABLE PROSPECTUS SUPPLEMENT CONCERNING FACTORS YOU SHOULD CONSIDER BEFORE INVESTING IN OUR SECURITIES.*

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

The date of this prospectus is March 19, 2014.

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<u>About This Prospectus</u>	1
<u>Where You Can Find More Information; Incorporation by Reference</u>	2
<u>The Company</u>	3
<u>Risk Factors</u>	3
<u>Use of Proceeds; Description of the Pass Through Certificates</u>	3
<u>Credit Enhancements</u>	4
<u>Plan of Distribution</u>	6
<u>Legal Matters</u>	6
<u>Experts</u>	6

**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that American Airlines Group Inc. and American Airlines, Inc. filed jointly with the Securities and Exchange Commission, or the SEC, using a shelf registration process. By using a shelf registration statement, we may sell securities from time to time and in one or more offerings as described in this prospectus. Each time that we offer and sell securities, we will provide a prospectus supplement to this prospectus that contains specific information about the securities being offered and sold and the specific terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus with respect to that offering. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement, you should rely on the prospectus supplement. Before purchasing any securities, you should carefully read both this prospectus and the applicable prospectus supplement, together with the additional information described under the heading Where You Can Find More Information; Incorporation by Reference.

We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the applicable prospectus supplement to this prospectus is accurate as of the date on its respective cover, and that any information incorporated by reference is accurate only as of the date of the document incorporated by reference, unless we indicate otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates.

When we refer to AAI, we, our, us and the Company in this prospectus, we mean American Airlines, Inc. and its consolidated subsidiaries, unless otherwise specified. When we refer to AAG, we mean American Airlines Group Inc. When we refer to you, we mean the holders of the applicable series of securities.



**Table of Contents**

**WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE**

**Available Information**

AAI files reports, proxy statements and other information with the SEC. Information filed with the SEC by us can be inspected and copied at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of this information by mail from the Public Reference Section of the SEC at prescribed rates. Further information on the operation of the SEC's Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site that contains reports, proxy and information statements and other information about issuers, such as us, who file electronically with the SEC. The address of that website is <http://www.sec.gov>.

Our web site address is <http://www.aa.com>. The information on our web site, however, is not, and should not be deemed to be, a part of this prospectus.

This prospectus and any prospectus supplement are part of a registration statement that we filed with the SEC and do not contain all of the information in the registration statement. The full registration statement may be obtained from the SEC or us, as provided below. Forms of the indenture and other documents establishing the terms of the offered securities are or may be filed as exhibits to the registration statement. Statements in this prospectus or any prospectus supplement about these documents are summaries and each statement is qualified in all respects by reference to the document to which it refers. You should refer to the actual documents for a more complete description of the relevant matters. You may inspect a copy of the registration statement at the SEC's Public Reference Room in Washington, D.C. or through the SEC's website, as provided above.

**Incorporation by Reference**

The SEC's rules allow us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, and subsequent information that we file with the SEC will automatically update and supersede that information. Any statement contained in a previously filed document incorporated by reference will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or replaces that statement.

We incorporate by reference our documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act in this prospectus, between the date of this prospectus and the termination of the offering of the securities described in this prospectus. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed below or filed in the future, that are not deemed filed with the SEC, including our Compensation Committee Report and performance graph or any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K or related exhibits furnished pursuant to Item 9.01 of Form 8-K.

This prospectus and any accompanying prospectus supplement incorporate by reference the documents set forth below that have previously been filed with the SEC:

Annual Report of AAG and AAI on Form 10-K for the year ended December 31, 2013, filed with the SEC on February 28, 2014; and

Current Reports of AAG and AAI on Form 8-K and Current Reports on Form 8-K/A filed with the SEC on January 23, 2014, January 27, 2014 (only the information reported under Item 5.02), March 3, 2014 and March 7, 2014.

## **Table of Contents**

All reports and other documents we subsequently file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering but excluding any information furnished to, rather than filed with, the SEC, will also be incorporated by reference into this prospectus and deemed to be part of this prospectus from the date of the filing of such reports and documents.

You may request a free copy of any of the documents incorporated by reference in this prospectus (other than exhibits, unless they are specifically incorporated by reference in the documents) by writing or telephoning us at the following address:

Corporate Secretary  
American Airlines, Inc.  
4333 Amon Carter Blvd.  
Fort Worth, Texas 76155  
  
(817) 963-1234

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this prospectus and any accompanying prospectus supplement.

## **THE COMPANY**

American Airlines, Inc. ( AAI ), a Delaware corporation, was incorporated in 1934 and is a wholly owned subsidiary of American Airlines Group, Inc. ( AAG ). AAI s primary business activity is the operation of a major network air carrier.

Our principal executive offices are located at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155. Our telephone number is 817-963-1234, and our internet address is [www.aa.com](http://www.aa.com). Information contained on our and/or AAG s websites is not and should not be deemed a part of this prospectus or any other report or filing filed with or furnished to the SEC.

## **RISK FACTORS**

Investment in any securities offered pursuant to this prospectus and the applicable prospectus supplement involves risks. You should carefully consider the risk factors incorporated by reference to our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K we file after the date of this prospectus, and all other information contained or incorporated by reference into this prospectus, as updated by our subsequent filings under the Exchange Act, and the risk factors and other information contained in the applicable prospectus supplement before acquiring any of such securities. The occurrence of any of these risks might cause you to lose all or part of your investment in the offered securities.

## **USE OF PROCEEDS; DESCRIPTION OF PASS THROUGH CERTIFICATES**

Except as set forth in any applicable prospectus supplement, the pass through trustee(s) will use proceeds from the sale of pass through certificates to purchase equipment notes secured by aircraft. The equipment notes are or will be issued by:

one or more owner trustees on a non-recourse basis to finance or refinance a portion of the purchase price of aircraft that have been or will be leased to us ( leased aircraft notes ), or

us to finance or refinance all or a portion of the purchase price of aircraft owned or to be purchased by us ( owned aircraft notes ).

## **Table of Contents**

Any trust may hold owned aircraft notes and leased aircraft notes simultaneously. The owned aircraft notes will be secured by certain aircraft owned or to be owned by us, and the leased aircraft notes will be secured by certain aircraft leased or to be leased to us.

In addition, to the extent set forth in an applicable prospectus supplement, each trust may hold (exclusively, or in combination with owned aircraft notes, leased aircraft notes or both) equipment notes secured by aircraft engines, spare parts, appliances or other equipment or personal property owned or to be owned by, or leased or to be leased to, us. Such equipment notes, and the property securing them, will be subject to the considerations, terms, conditions, and other provisions described in the applicable prospectus supplement.

The pass through certificates will not represent interests in or obligations of AAI or any of our affiliates.

For each leased aircraft, the owner trustee will issue the related equipment notes, as nonrecourse obligations, authenticated by a bank or trust company, as indenture trustee under either a separate supplement to an existing trust indenture and security agreement between the owner trustee and the indenture trustee or a separate trust indenture and security agreement. The owner trustee will also obtain a portion of the funding for the leased aircraft from an equity investment of one or more owner participants. A leased aircraft may also be subject to other financing arrangements that will be described in the applicable prospectus supplement. In connection with the refinancing of a leased aircraft, the owner trustee may refinance the existing equipment notes through the issuance of notes by a separate trust, which will be described in the applicable prospectus supplement.

We will issue the equipment notes relating to aircraft owned by us under either a separate supplement to an existing trust indenture and mortgage or a separate trust indenture and mortgage.

A trust may hold owned aircraft notes or leased aircraft notes that are subordinated in right of payment to other equipment notes or other debt related to the same owned or leased aircraft. In addition, the trustees on behalf of one or more trusts may enter into an intercreditor or subordination agreement establishing priorities among series of pass through certificates. Also, a liquidity facility, surety bond, financial guarantee, interest rate or other swap or other arrangement may support one or more payments on the equipment notes or pass through certificates of one or more series. In addition, the trustee may enter into servicing, remarketing, appraisal, put or other agreements relating to the collateral securing the equipment notes. We will describe any such credit enhancements or other arrangements or agreements in the applicable prospectus supplement.

If the pass through trustee does not use the proceeds of any offering of pass through certificates to purchase equipment notes on the date of issuance of the pass through certificates, it will hold the proceeds for the benefit of the holders of the related pass through certificates under arrangements that we will describe in the applicable prospectus supplement. If the pass through trustee does not subsequently use any portion of the proceeds to purchase equipment notes by the date specified in the applicable prospectus supplement, it will return that portion of the proceeds to the holders of the related pass through certificates. In these circumstances, the prospectus supplement will describe how the proceeds of the pass through certificates will be held or applied including any depository or escrow arrangements.

## **CREDIT ENHANCEMENTS**

### **Ranking; Cross-Subordination**

Some of the equipment notes related to a specific aircraft may be subordinated and junior in right of payment to other equipment notes or other debt related to the same or certain related aircraft. In such event, the



## **Table of Contents**

applicable prospectus supplement will describe the terms of such subordination, including the priority of distributions among such classes of equipment notes, the ability of each such class of equipment notes to exercise remedies with respect to the relevant aircraft (and, if such aircraft are leased aircraft, the leases) and certain other intercreditor terms and provisions.

The equipment notes issued under an indenture may be held in more than one trust, and a trust may hold equipment notes issued under more than one related indenture. Unless otherwise described in a prospectus supplement, however, only equipment notes having the same priority of payment may be held in the same trust. A trust that holds equipment notes that are junior in payment priority to the equipment notes held in another related trust formed as part of the same offering of pass through certificates as a practical matter will be subordinated to such latter trust. In addition, the trustees on behalf of one or more trusts may enter into an intercreditor or subordination agreement that establishes priorities among series of pass through certificates or provides that distributions on the pass through certificates will be made to the certificateholders of a certain trust or trusts before they are made to the certificateholders of one or more other trusts. For example, such an agreement may provide that payments made to a trust on account of a subordinate class of equipment notes issued under one indenture may be subordinated to the prior payment of all amounts owing to certificateholders of a trust that holds senior equipment notes issued under that indenture or any related indentures.

The applicable prospectus supplement will describe any such intercreditor or subordination agreement or arrangements and the relevant cross-subordination provisions. Such description will specify the percentage of certificateholders under any trust that is permitted to (1) grant waivers of defaults under any related indenture, (2) consent to the amendment or modification of any related indenture or (3) direct the exercise of remedies under any related indenture. Payments made on account of the pass through certificates of a particular series also may be subordinated to the rights of the provider of any credit support agreement described below.

### **Credit Support Agreements**

The applicable prospectus supplement may provide that a credit support agreement will support, insure or guarantee one or more payments of principal, premium, if any, or interest on the equipment notes of one or more series, or one or more distributions in respect of the pass through certificates of one or more series. A credit support agreement may include a letter of credit, a bank guarantee, a revolving credit agreement, an insurance policy, surety bond or financial guarantee, a liquidity facility or any other type of agreement or arrangement for the provision of insurance, a guarantee or other credit enhancement or liquidity support. In addition, if any equipment notes bear interest at a floating rate, there may be a cap or swap agreement or other arrangement in case the interest rate becomes higher than is covered by the credit support agreement. The institution or institutions providing any credit support agreement will be identified in the applicable prospectus supplement. Unless otherwise provided in the applicable prospectus supplement, the provider of any credit support agreement will have a senior claim on the assets securing the affected equipment notes and on the trust property of the affected trusts.

### **Guarantee of AAG**

AAG may provide a full and unconditional guarantee with respect to our payment obligations under any series of leases and equipment notes described in the applicable prospectus supplement. If AAG guarantees such obligations, we will describe the terms of the guarantee in the applicable prospectus supplement. Unless we tell you otherwise in the applicable prospectus supplement, such guarantee will be enforceable without any need first to enforce any such related leases or equipment notes against AAG, and will be an unsecured obligation of AAG.





**Table of Contents**

**PLAN OF DISTRIBUTION**

We may sell the offered pass through certificates from time to time:

through underwriters or dealers;

through agents;

directly to one or more purchasers; or

through a combination of any of these methods of sale.

We will identify the specific plan of distribution, including any underwriters, dealers, agents or direct purchasers and their compensation, in the applicable prospectus supplement.

**LEGAL MATTERS**

Unless we tell you otherwise in the applicable prospectus supplement, Latham & Watkins LLP will pass upon certain legal matters relating to the issuance and sale of the securities on behalf of AAI. Additional legal matters may be passed upon for us or any underwriters, dealers or agents, by counsel that we will name in the applicable prospectus supplement.

**EXPERTS**

The consolidated financial statements and schedule of AAI appearing in AAI's Annual Report (Form 10-K) for the year ended December 31, 2013, and the effectiveness of AAI's internal control over financial reporting as of December 31, 2013, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein and incorporated herein by reference, in reliance upon such reports given on the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of US Airways Group, Inc. and subsidiaries as of December 31, 2012, 2011 and 2010 included in the 8-K/A of American Airlines Group Inc. and American Airlines, Inc. dated January 23, 2014 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

To the extent that KPMG LLP audits and reports on financial statements of AAI issued at future dates, and consents to the use of its reports thereon, such financial statements also will be incorporated by reference in the registration statement in reliance upon its report and said authority.

**Table of Contents**